
1998 Annual Report

**Fullerton-Normandy
Redevelopment Project Area**



**Pursuant to Mayor's
Executive Order 97-2**

JUNE 30, 1999



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Christopher R. Hill
Commissioner

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June 30, 1999

The Honorable Mayor Richard M. Daley, Members
of the City Council, and Citizens of the City of Chicago
City of Chicago
121 N. LaSalle Street
Chicago, Illinois 60602

Ladies and Gentlemen:

The attached information for the Fullerton-Normandy Redevelopment Project Area, along with 63 other individual reports, is presented pursuant to the Mayoral Executive Order 97-2 (Executive Order) regarding annual reporting on the City's tax increment financing (TIF) districts. The City's TIF program has been used to finance neighborhood and downtown improvements, leverage private investment, and create and retain jobs throughout Chicago.

Pursuant to the Executive Order, the Annual Report, presented in the form of the attached, will be filed with the City Clerk for transmittal to the City Council and be distributed in accordance with the Executive Order.

Sincerely,

Christopher R. Hill
Commissioner
Department of Planning and Development

Walter K. Knorr
Chief Financial Officer



June 30, 1999

Mr. Christopher R. Hill
Commissioner
Department of Planning and Development
121 N. LaSalle St.
Chicago, Illinois 60602

Commissioner Hill:

Enclosed is the required annual report for the Fullerton-Normandy Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to the Mayor's Executive Order 97-2. The contents are based on information provided to us by the Chicago Departments of Planning and Development, Finance, and Law Department. We have not audited, verified, or applied agreed upon procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

The report includes the City's data methodology and interpretation of Executive Order 97-2 in addition to required information. The tables in this report use the same lettering system as the Executive Order in order to allow the reader to locate needed information quickly.

It has been a pleasure to work with representatives from the Department of Planning and Development and other City departments.

Very truly yours,

Ernst & Young LLP

Ernst & Young LLP

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

TABLE OF CONTENTS

ANNUAL REPORT - FULLERTON-NORMANDY PROJECT AREA IN COMPLIANCE WITH SECTION (4) OF THE MAYOR'S EXECUTIVE ORDER 97-2

	PAGE
PURPOSE OF REPORT.....	1
METHODOLOGY	1
(a) GENERAL DESCRIPTION.....	7
(b) DATE OF DESIGNATION AND TERMINATION	8
(c) COPY OF REDEVELOPMENT PLAN	8
(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS.....	8
(e) DESCRIPTION OF TIF PROJECT(S)	9
(f) DESCRIPTION OF TIF DEBT INSTRUMENTS	10
(g) DESCRIPTION OF CITY CONTRACTS	11
(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY	12
(i) DESCRIPTION OF PROPERTY TRANSACTIONS.....	13
(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER.....	14
(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS.....	15
(l) CERTAIN CONTRACTS OF TIF CONSULTANTS.....	16
(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTANT	17
(n) ATTACHMENT - REDEVELOPMENT PLAN.....	18

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

Purpose of Report:

The purpose of the Annual Report for the Fullerton-Normandy Redevelopment Project Area (Report) is to provide information regarding the City of Chicago (City) tax increment financing (TIF) districts in existence on December 31, 1998, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the Fullerton-Normandy Redevelopment Project Area (Project Area).

Methodology:

In the process of providing information about the Project Area, care was taken to follow the organization of the Executive Order to allow the reader to locate needed information in an efficient manner. The Report reflects only TIF economic activity during 1998, also referred to in this report as "the prior calendar year." As outlined below, several assumptions were made concerning certain required information.

(a) General Description

The general boundaries of the Project Area are described and illustrated in a map. However, in order to provide ease of reading, only major boundary streets are identified. For exact boundaries, the interested reader should consult the legal description of the Project Area boundaries found in the Redevelopment Plan (Attachment).

(b) Date of Designation and Termination

For purposes of this Report, the date of termination is assumed to occur 23 years from the date of designation, the maximum duration currently allowed under the Tax Increment Allocation Redevelopment Act.

(c) Copy of Redevelopment Plan

The Redevelopment Plan, as amended (if applicable), for the Project Area is provided as the Attachment at the end of the Report.

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

(d) Description of Intergovernmental and Redevelopment Agreements

Table D describes agreements related to the Project Area which are either intergovernmental agreements between the City and another public entity or redevelopment agreements between the City and private sector entities interested in redeveloping all or a portion of the Project Area. The date of recording of agreements executed by the City in 1998 and filed with the Cook County Recorder of Deeds is included in Table D (if applicable).

(e) Description of TIF Projects

Table E describes each TIF project in the Project Area that has already received approval by the Community Development Commission, and which received TIF financing during 1998. Those projects in discussion, pre-proposal stage with a developer, or being reviewed by Community Development Commission staff are not "projects" for purposes of the Report. The amount budgeted for project costs and the estimated timetable were obtained from the Project Area's intergovernmental or redevelopment agreements, if such agreements exist. Table E specifically notes:

- 1) the nature of the project;
- 2) the budgeted project cost and the amount of TIF assistance allocated to the project;
- 3) the estimated timetable and a statement of any change in the estimate during the prior calendar year;
- 4) total City tax increment project expenditures during the prior calendar year and total City tax increment project expenditures to date;
- 5) a description of all TIF financing, including type, date, terms, amount, project recipient, and purpose of project financing.

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

(f) Description of all TIF Debt Instruments

Table F describes all TIF debt instruments related to the Project Area in 1998. It should be noted that debt instruments issued without a security pledge of incremental taxes or direct payments from incremental taxes for principal and interest are not included in Table F, as such instruments do not qualify as TIF debt instruments as defined by the Executive Order. Table F includes:

- 1) the principal dollar amount of TIF debt instruments;
- 2) the date, dollar amount, interest rate, and security of each sale of TIF debt instruments and type of instrument sold;
- 3) the underwriters and trustees of each sale;
- 4) the amount of interest paid from tax increment during the prior calendar year (1998);
- 5) the amount of principal paid from tax increment during the prior calendar year (1998).

(g) Description of City Contracts

Table G provides a description of City contracts related to the Project Area, executed or in effect during 1998 and paid with incremental tax revenues. In addition, the date, names of all contracting parties, purpose, amount of compensation, and percentage of compensation paid is included in the table. Table G does not apply to any contract or contract expenditure reported under (e)(5) of Section 4 of the Executive Order.

City contracts related to the Project Area are defined as those contracts paid from TIF funds, not related to a specific TIF project, and not elsewhere reported. Items include, but are not limited to, payments for work done to acquire, dispose of, or lease property within a Project Area, or payments to appraisers, surveyors, consultants, marketing agents, and other professionals. These services may affect more than one project in a Project Area and are not otherwise reported. Table G does not report such noncontractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

(h) Summary of Private and Public Investment Activity

Table H describes each TIF project in the Project Area that has been executed through an intergovernmental or redevelopment agreement in 1998, or that has been approved by the Community Development Commission in 1998.

To the extent this information is available to the Commissioner of Planning and Development on a completed project basis, the table provides a summary of private investment activity, job creation, and job retention within the Project Area and a summary for each TIF project within the Project Area.

Table H contains the final ratio of private/public investment for each TIF project. The private investment activity reported includes data from the intergovernmental or redevelopment agreement(s) and any additional data available to the Commissioner of Planning and Development. Other private investment activity is estimated based on the best information available to the Commissioner of Planning and Development.

(i) Description of Property Transactions

Information regarding property transactions is provided in Table I to the extent the City took or divested title to real property or was a lessor or lessee of real property within the Project Area. Specifically, the Executive Order requires descriptions of the following property transactions occurring within the Project Area during 1998:

- 1) every property acquisition by the City through expenditure of TIF funds, including the location, type and size of property, name of the transferor, date of transaction, the compensation paid, and a statement whether the property was acquired by purchase or by eminent domain;
- 2) every property transfer by the City as part of the redevelopment plan for the Project Area, including the location, type and size of property, name of the transferee, date of transaction, and the compensation paid;
- 3) every lease of real property to the City if the rental payments are to be made from TIF funds. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount;

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

- 4) every lease of real property by the City to any other person as part of the redevelopment plan for the Project Area. Information shall include the location, type and size of property, name of lessor, date of transaction, duration of lease, purpose of rental, and the rental amount.

(j) Financial Summary Prepared by the City Comptroller

Section (j) provides a 1998 financial summary for the Project Area audited by an independent certified public accounting firm. These statements were prepared in accordance with generally accepted accounting principles. These statements include:

- 1) the balance in the fund for the Project Area at the beginning of the prior calendar year;
- 2) cash receipts by source and transfers deposited into the fund during the prior calendar year;
- 3) transfer credits into the fund for the Project Area during the prior calendar year;
- 4) expenditures and transfers from the fund, by statutory category, for the Project Area during the prior calendar year;
- 5) the balance in the fund for the Project Area at the conclusion of the prior calendar year.

(k) Description of Tax Receipts and Assessment Increments

Table K provides the required statement of tax receipts and assessment increments for the Project Area as outlined in the Executive Order. The amount of incremental property tax equals the incremental EAV from the prior year multiplied by the applicable property tax rates. Actual receipts may vary due to delinquencies, sale of prior years' taxes, and payment of delinquencies. See the financial report for actual receipts. Table K provides the following information:

- 1) for a sales tax Project Area, the municipal sales tax increment and state sales tax increment deposited in the fund during the prior calendar year;

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

- 2) for a utility tax Project Area, the municipal utility tax increment and the net state utility tax increment amount deposited in the special allocation fund during the prior calendar year;
- 3) for a property tax Project Area, (A) the total initial equalized assessed value of property within the Project Area as of the date of designation of the area, and (B) the total equalized assessed value of property within the Project Area as of the most recent property tax year;
- 4) the dollar amount of property taxes on property within the Project Area attributable to the difference between items (3)(A) and (3)(B) above.

All terms used in Table K relating to increment amounts and equalized assessed value (EAV) are construed as in Section 9 of the Illinois Tax Increment Allocation and Redevelopment Act or the Illinois Industrial Jobs Recovery Law. Unless otherwise noted, the EAV and property tax information were obtained from the Cook County Clerk's Office. All sales tax information was obtained from the City of Chicago.

(l) Certain Contracts of TIF Consultants

Table L provides information about contracts, if any, between the TIF consultant who was paid by the City for assisting to establish the Project Area and paid by any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Table L are based on responses to a mail survey. This survey was sent to every consultant who has prepared at least one redevelopment plan for the establishment of a redevelopment project area within the City in 1998. The Executive Order specifically applies to contracts that the City's tax increment advisors or consultants, if any, have entered into with any entity that has received or is receiving payments financed by tax revenues produced by the same Project Area.

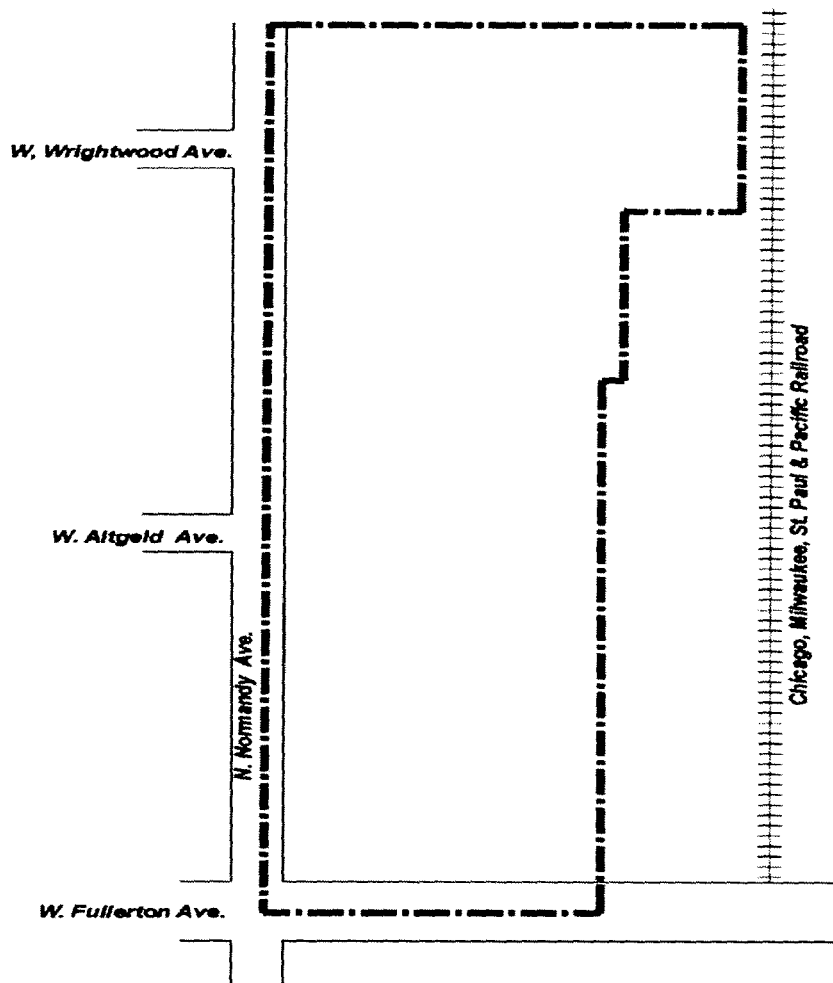
(m) Compliance Statement Prepared by an Independent Public Accountant

As part of the audit procedures performed by independent accountants, certain compliance tests were performed related to the Project Area. Included in the Annual Report is an audit opinion indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate. Section (m) provides this statement.

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

(a) GENERAL DESCRIPTION

The Project Area is located approximately 10 miles west of Chicago's Central Business District. The Project Area contains approximately 16.88 acres. The Project Area is generally bounded by West Fullerton Avenue on the south, the east-west alley north of Wrightwood Avenue on the north; Chicago, Milwaukee, St. Paul and Pacific Railroad on the east; and North Normandy Avenue on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan (Attachment).



**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

(b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council on October 7, 1993. The Project Area may be terminated no later than October 7, 2016.

(c) COPY OF REDEVELOPMENT PLAN

The Redevelopment Plan for the Project Area, as amended (if applicable), is contained in this Report (Attachment).

(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

During 1998, no new agreements were executed in the Project Area.

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

(e) DESCRIPTION OF TIF PROJECT(S)

During 1998, there were no tax increment project expenditures within the Project Area.

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

(f) DESCRIPTION OF TIF DEBT INSTRUMENTS

During 1998, there were no TIF debt instruments outstanding for the Project Area.

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

(g) DESCRIPTION OF CITY CONTRACTS

**TABLE G
DESCRIPTION OF CITY CONTRACTS RELATED TO THE PROJECT AREA**

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1998	PERCENT OF COMPENSATION PAID TO DATE
Bansley & Kiener	1998	Studies/Plan/Admin.	\$1,250	100%
Ernst & Young	1998	Studies/Plan/Admin.	\$4,616	100%
City TIF Program Administration	1998	Studies/Plan/Admin.	\$16,195	100%

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

During 1998, there was no information available regarding public or private investment activity in the Project Area.

Fullerton-Normandy Redevelopment Project Area 1998 Annual Report

(i) DESCRIPTION OF PROPERTY TRANSACTIONS

During 1998, the City did not take or divest title to real property within the Project Area. Additionally, the City was not a lessor or lessee of real property within the Project Area during 1998.

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

DECEMBER 31, 1998 AND 1997

FINANCIAL REPORT

FULTERTON-NORMANDY
REDEVELOPMENT PROJECT
CITY OF CHICAGO, ILLINOIS

CITY OF CHICAGO, ILLINOIS
FULLERTON-NORMANDY REDEVELOPMENT PROJECT

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS, REQUIRED AND SUPPLEMENTARY INFORMATION	1-2
Balance sheets	3
Statements of revenues, expenditures and changes in fund balance	4
Notes to financial statements	5-6
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Year 2000 readiness disclosure	7-8
SUPPLEMENTARY INFORMATION	
Schedule of cash activities	9
Schedule of expenditures by statutory code	10

HANSLEY AND KIENER, L. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

125 SOUTH WACKER DRIVE

CHICAGO, ILLINOIS 60606-4496

AREA CODE 312 263-2700

INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying balance sheets of the Fullerton-Normandy Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998 and 1997, and the related statements of revenues, expenditures and changes in fund balance for the years then ended. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fullerton-Normandy Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998 and 1997, and the results of its operations and changes in fund balance for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 1 to the financial statements, in 1998 the Fullerton-Normandy Redevelopment Project of the City of Chicago, Illinois changed its method of accounting for investments.

The year 2000 information on pages 7 and 8 is not a required part of the financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that authoritative measurement criteria regarding the status of remediation efforts have not been established. In addition, we do not provide assurance that the City of Chicago is or will become year 2000 compliant, that the City of Chicago's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Chicago does business are or will become year 2000 compliant.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of cash activities on page 9 and the schedule of expenditures by statutory code on page 10, which are also the responsibility of the City of Chicago's management, are presented for purposes of additional analysis and are not a required part of the financial statements of Fullerton-Normandy Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Bensley and Kienow, L.L.P.

Certified Public Accountants

May 4, 1999

CITY OF CHICAGO, ILLINOIS
FULLERTON-NORMANDY REDEVELOPMENT PROJECT

BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

<u>A S S E T S</u>	<u>1998</u>	<u>1997</u>
Cash and investments	\$1,419,231	\$ 951,537
Property taxes receivable	<u>479,000</u>	<u>465,000</u>
Total assets	<u>\$1,898,231</u>	<u>\$1,416,537</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Due to other City funds	\$ 16,195	\$ 14,209
Deferred revenue	<u>479,000</u>	<u>465,000</u>
Total liabilities	495,195	479,209
Fund balance	<u>1,403,036</u>	<u>937,328</u>
Total liabilities and fund balance	<u>\$1,898,231</u>	<u>\$1,416,537</u>

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

CITY OF CHICAGO, ILLINOIS
FULLERTON-NORMANDY REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The Fullerton-Normandy Branch Tax Increment Redevelopment Project Area (Project) was established in October 1993. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

Basis of Accounting

The Project is accounted for within the special revenue funds of the City.

The financial statements are prepared on the modified accrual basis of accounting and current financial resources measurement focus with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred.

Fixed assets are not capitalized in the general operating funds but, instead, are charged as current expenditures when purchased. The General Fixed Asset Account Group of the City includes the capital assets, if any, of the Project.

Management's Use of Estimates

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

Illinois Tax Increment Redevelopment Allocation Act Compliance

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

CITY OF CHICAGO, ILLINOIS
FULLERTON-NORMANDY REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

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

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

On January 1, 1998, the City adopted GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." Accordingly, the City values its investments at fair value, or amortized cost.

Property Taxes

Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end.

YEAR 2000 READINESS DISCLOSURE (UNAUDITED)

The City's operations, like those of many other business entities, may be impacted by the inability of certain computer programs and electronic systems with embedded microprocessor chips to recognize calendar dates beyond the year 1999. Unless such programs and microprocessors are modified or replaced prior to the year 2000, they may not function properly after 1999.

The City formed an executive committee in May 1998, to oversee possible City-wide year 2000 impacts. The Department of Business and Information Services has been charged with managing the City's year 2000 project. The year 2000 issue is covered within the scope of the City's year 2000 project. The year 2000 project is divided into stages as follows:

Awareness Stage - Establishing a budget and project plan for dealing with the year 2000 issue.

Assessment Stage - Identifying the mission critical systems, equipment and individual components for which year 2000 compliance is needed.

Remediation Stage - Making changes to systems and equipment.

Validation/testing Stage - Validating and testing the changes that were made during the remediation stage.

The City committed approximately \$28.2 million and \$32.0 million in 1998 and 1999, respectively, for the repair and replacement of year 2000 compromised systems. As of December 31, 1998, the City entered into contracts for approximately \$17.7 million for the test plan development, audit stages and upgrade of certain software programs.

Mission Critical Applications

The City has identified one computer application, the Chicago Accounting and Purchasing System, as critical to conducting the operations for year 2000 compliance. As of December 31, 1998, the City completed the awareness and assessment stages, and the remediation stage was in process for the above mission critical component. This mission critical component is still subject to the validation/testing stage. The City-wide completion of all stages is scheduled for September 1999.

Embedded Systems

The awareness stage, including an inventory of embedded systems has been completed. Baseline assessment of mission critical functions involving embedded systems was substantially completed by the end of the first quarter of 1999. The City has retained outside consultants to manage and implement completion of this aspect of the year 2000 project by the end of September 1999.

YEAR 2000 READINESS DISCLOSURE (UNAUDITED)
(Continued)

Other Considerations

The City also initiated an assessment of mission critical vendors, which is being performed by a consultant with oversight from the executive committee to plan for continuity in the City's supply chain. Contingency planning for mission critical systems and other elements of the year 2000 project is scheduled to be completed by the end of September 1999.

The above description of the stages of work to address the year 2000 issues is not a guarantee those systems will be year 2000 compliant. Although the City is currently on schedule to meet its objectives for year 2000 compliance, there is no assurance that compliance will be achieved in a timely manner. Further, if the City successfully addresses its year 2000 issues, there is no assurance that any other entity or governmental agency (including governmental organizations or entities that provide essential infrastructure) with which the City electronically interacts will be year 2000 compliant. At this time, the City can not determine the potential impact of such noncompliance on the business and financial condition or the results of its operations.

SUPPLEMENTARY INFORMATION

SCHEDULE OF CASH ACTIVITIES
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities		
Property taxes received	\$ 478,378	\$431,983
Payments for capital projects	(20,075)	-
Interest received	<u>9,391</u>	<u>65,970</u>
Increase in cash and investments	467,694	497,953
Cash and investments, beginning of year	<u>951,537</u>	<u>453,584</u>
Cash and investments, end of year	<u>\$1,419,231</u>	<u>\$951,537</u>
Reconciliation of revenues over expenditures to net cash provided by operating activities		
Revenues over expenditures	\$ 465,708	\$482,745
Adjustments to reconcile revenues over expenditures to net cash provided by operating activities		
Changes in assets - (increase) decrease		
Property tax receivable	(14,000)	(43,815)
Accrued interest receivable	-	999
Changes in liabilities - increase		
Due to other City funds	1,986	14,209
Deferred revenue	<u>14,000</u>	<u>43,815</u>
	<u>\$ 467,694</u>	<u>\$497,953</u>

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

<u>Code Description</u>	<u>1998</u>	<u>1997</u>
Costs of studies, surveys, development of plans and specifications implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, and marketing	<u>\$22,061</u>	<u>\$14,20</u>

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

**TABLE K
DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS**

<u>YEAR</u>	<u>MUNICIPAL SALES TAX INCREMENT</u>	<u>STATE SALES TAX INCREMENT</u>	<u>MUNICIPAL UTILITY TAX INCREMENT</u>	<u>NET STATE UTILITY TAX INCREMENT</u>	<u>INITIAL EAV</u>	<u>TOTAL 1997 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1997</u>
1998	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)	\$2,031,931	\$7,441,811	\$478,396

(1) N.A. - not applicable.

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

(I) CERTAIN CONTRACTS OF TIF CONSULTANTS

During 1998, no TIF consultant was paid by the City for assisting to establish the Project Area and paid by any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area.

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

**(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC
ACCOUNTANT**

During 1998, there were no tax increment expenditures within the Project Area. Therefore, no compliance statement was provided for this section.

Bansley and Kiener, L.L.P.
Certified Public Accountants

Established 1922

BERNARD J. SULLIVAN, C.F.
RICHARD J. QUINN, C.F.
FRANK S. GADZALA, C.P.
PAUL A. MERKEL, C.P.
THOMAS A. TYLER, C.P.
JOHN W. SANEW III, C.P.
THOMAS A. CERWIN, C.P.
STEPHEN R. PANFIL, C.P.
MICHAEL D. HUELS, C.P.
ROBERT J. MARSCHALK, C.P.
THOMAS J. CAPLICE, C.P.
ROBERT J. HANNIGAN, C.P.
GERARD J. PATER, C.P.
VINCENT M. GUZALDO, C.P.
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INDEPENDENT AUDITOR'S REPORT

The Honorable Richard M. Daley, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with generally accepted auditing standards, the balance sheet of Fullerton-Normandy Redevelopment Project of the City of Chicago, Illinois as of December 31, 1998, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 4, 1999.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the Fullerton-Normandy Redevelopment Project of the City of Chicago, Illinois.

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

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 4, 1999

**Fullerton-Normandy Redevelopment Project Area
1998 Annual Report**

**ATTACHMENT
REDEVELOPMENT PLAN**

**FULLERTON/NORMANDY
REDEVELOPMENT PROJECT AREA
TAX INCREMENT ALLOCATION FINANCE PROGRAM**

REDEVELOPMENT PLAN AND PROJECT

June, 1993

CITY OF CHICAGO

**Richard M. Daley
Mayor**

REDEVELOPMENT PLAN AND PROJECT FOR
FULLERTON NORMANDY AREA REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING PROGRAM

TABLE OF CONTENTS

INTRODUCTION	1
REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION	5
REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES	6
BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA	8
FULLERTON/NORMANDY REDEVELOPMENT PROJECT	12
REDEVELOPMENT PROJECT AREA GOAL AND OBJECTIVES	12
REDEVELOPMENT PLAN	13
GENERAL LAND-USE PLAN	14
ESTIMATED REDEVELOPMENT PROJECT COSTS	14
SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS	17
PROVISION FOR AMENDING ACTION PLAN	20
AFFIRMATIVE ACTION PLAN	21
LEGAL DESCRIPTION	22
1991 EQUALIZED ASSESSED VALUATION	24
MAPS	25

INTRODUCTION

The Fullerton/Normandy Redevelopment Project Area is located in the City of Chicago, Illinois. The Redevelopment Project Area contains approximately 16.88 acres. The Redevelopment Project Area is bounded on the west by North Normandy Avenue and the south by West Fullerton Avenue. Fullerton, Grand, Narragansett and Harlem Avenues provide the major access to the Redevelopment Project Area. The Redevelopment Project Area is located in an area of the City of Chicago that has good transportation access especially to nearby suburban communities. The location and boundaries of the Redevelopment Project Area are shown on Map 1, Project Boundary.

The Redevelopment Project Area is located within the Galewood/Montclare community and was originally settled in the late 1880's but did not grow substantially until the 1920's, when the community became one of the first areas of residential development.

The Galewood community shares borders on the south with Oak Park and Elmwood Park on the west. Harlem Avenue has historically served as a commercial area. Within the last 20 years a commercial area has developed along Narragansett Avenue, between Diversey and Fullerton Avenues. This area is the site of the largest enclosed regional shopping mall within the City of Chicago, the Brickyard Mall. Also other retail centers exist throughout this area and include Brickyard Square.

The Redevelopment Area contains industrial buildings that were constructed in the early 1940's. These buildings were originally used for the manufacturing of radar equipment. The large highway ramp type structure along the Fullerton Avenue side of the parcel was used for calibrating the radar units. This plant operated as a radar manufacturing facility until after the Korean Conflict. In the mid 1950's after the radar production had ceased, the property was purchased for use as a printing facility by W. F. Hall. This facility closed in the mid 1980's and the buildings have been vacant ever since then. Only a portion of the unpaved parking area has been utilized since that time.

The Fullerton/Normandy Redevelopment Project Area is located within an area which is primarily of retail and residential orientation. The Redevelopment Project Area is under-utilized and vacant. The current buildings are 100% vacant. In order to redevelop this site numerous and costly improvements will be necessary: including environmental remediation, site improvements, infrastructure, demolition, etc.

The purpose of the Redevelopment Plan is to create a mechanism to allow for the redevelopment of the existing building. The redevelopment of this building is expected to encourage economic revitalization within the community and surrounding area.

Tax Increment Allocation Redevelopment Act.

An analysis of conditions within this area indicates that it is appropriate for designation as a redevelopment project, utilizing the State of Illinois tax increment financing legislation. The area is characterized by conditions which warrant the designation as a "blighted area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (hereafter referred to as the "Act"). The Act is found in 65 ILCS 5/11-74-1 et seq., as amended.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project" to redevelop blighted areas by pledging the increase in tax revenues generated by public and private redevelopment in order to pay for the up front public costs which are required to stimulate such private investment in new redevelopment and rehabilitation. Municipalities may issue obligations to be repaid from the stream of real property tax increments that occur within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value (the Certified EAV Base) for all real estate located within the district and the current year EAV. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

The Fullerton/Normandy Redevelopment Area Project and Plan (hereafter referred to as the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the "Redevelopment Project".

This Redevelopment Plan also specifically describes the Fullerton/Normandy Tax Increment Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area"). This area meets the eligibility requirement of the Act. The Redevelopment Project Area boundaries are described in Section II of the Redevelopment Plan and shown in Map 1, Boundary Map.

After its approval of the Redevelopment Plan, the City Council then formally designates the Redevelopment Project Area.

The purpose of this Redevelopment Plan is to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land-use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards.
2. On a reasonable, comprehensive and integrated basis to ensure that blighting factors are eliminated.
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. The adoption of the Redevelopment Plan makes possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area which cannot reasonably be anticipated to be developed without the adoption of this Redevelopment Plan. Public investments will create the appropriate environment to attract the investment required for the rebuilding of the area.

Successful implementation of the Redevelopment Plan and Project requires that the City of Chicago take full advantage of the real estate tax increments attributed to the Redevelopment Project as provided in accordance with the Act. The Redevelopment Project Area would not be reasonably developed without the use of such incremental revenues.

REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Fullerton/Normandy Redevelopment Project Area is located approximately 10 miles west of Chicago's Central Business District. The Redevelopment Project Area contains approximately 16.88 acres. The Redevelopment Project Area is generally bounded by West Fullerton Avenue on the south, and North Normandy Avenue on the west. The main arterial streets, which provide major access to the Redevelopment Project Area include West Fullerton Avenue, West Grand Avenue, North Harlem Avenue and North Narragansett Avenue.

The legal description of the Fullerton/Normandy Redevelopment Project Area is as follows:

THAT PART OF THE EAST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF THE EAST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 30; THENCE NORTHERLY, ALONG THE WEST LINE OF THE EAST HALF AFORESAID, TO THE NORTH LINE OF THE SOUTH 220 FEET OF THE NORTH HALF OF SAID EAST HALF AFORESAID; THENCE EASTERLY, ALONG THE AFOREDESCRIBED LINE, TO THE WEST RIGHT-OF-WAY OF THE CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY; THENCE SOUTHERLY, ALONG SAID WEST RAILROAD RIGHT-OF-WAY TO THE SOUTH LINE OF THE NORTH 100 FEET OF THE SOUTH HALF OF THE EAST HALF AFORESAID; THENCE WESTERLY, ALONG THE AFOREDESCRIBED LINE TO A LINE 150 FEET WEST OF AND PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE SOUTHERLY, ALONG THE AFOREDESCRIBED LINE, TO A LINE 400 FEET SOUTH OF THE NORTH LINE OF THE SOUTH HALF OF THE EAST HALF AFORESAID, AS MEASURED PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE WESTERLY, ALONG THE AFOREDESCRIBED LINE, TO A LINE 180 FEET WEST OF AND PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE SOUTHERLY, ALONG THE AFOREDESCRIBED LINE, TO A POINT 900 FEET SOUTH OF THE NORTH LINE OF THE SOUTH HALF OF THE EAST HALF AFORESAID, AS MEASURED PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE SOUTHWESTERLY TO A POINT 997 FEET SOUTH OF THE NORTH LINE OF THE SOUTH HALF OF THE EAST HALF AFORESAID, AS MEASURED ALONG A LINE 200 FEET WEST OF AND PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE SOUTHERLY ALONG THE AFOREDESCRIBED LINE, TO THE SOUTH LINE OF THE EAST HALF AFORESAID; THENCE WESTERLY, ALONG THE AFOREDESCRIBED LINE, TO THE POINT OF BEGINNING, IN COOK, COUNTY, ILLINOIS.

REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

General Goals:

- * Improve the quality of life in the City of Chicago by eliminating the influence of, as well as the manifestations of, both physical and economic blight in the Redevelopment Project Area.
- * Provide sound economic development in the Redevelopment Project Area.
- * Revitalize the Redevelopment Project Area to make it an important center contributing to the revitalization of the Redevelopment Area.
- * Create an environment within the Redevelopment Project Area which will contribute to the health, safety and general welfare of the City, and preserve or enhance the value of properties in the Redevelopment Project Area.
- * Create a suitable location for commercial activity.
- * Create job opportunities.
- * Create new retail centers and the accompanying job opportunities.

Redevelopment Objectives:

- * Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Blighted Area. Section IV of this document, Blighted Area Conditions Existing in the Redevelopment Project Area, describes the blighting conditions.
- * Enhance the tax base of the City of Chicago and of the other taxing districts which extend into the Redevelopment Project Area by encouraging private investment in new commercial development.
- * Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, taxable values, and job opportunities.
- * Encourage the assembly of land into parcels that are functionally adaptable with respect to shape and size for redevelopment needs and standards.
- * Provide needed incentives to encourage improvements for new development efforts.
- * Provide needed incentives to encourage a broad range of improvements in both new development and rehabilitation efforts.
- * Encourage the participation of minorities and women in the development of the Redevelopment Project Area.

Development and Design Objectives

- * Establish a pattern of land use activities arranged in compact, compatible groupings to increase efficiency of operation and economic relationships.
- * Encourage coordinated development of parcels and structures in order to achieve efficient building design.
- * Achieve development which is integrated both functionally and aesthetically with nearby existing development.
- * Ensure safe and adequate circulation pattern, adequate ingress and egress and capacity in the project area.
- * Encourage a high-quality appearance of buildings, rights-of-way and open spaces, and encourage high standards of design.

BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Based upon surveys, inspections, research and analysis of the area by Louik/Schneider & Associates, Inc. the Redevelopment Project Area qualifies as a "blighted area" as defined by the Act. A separate report entitled Fullerton/Normandy Study Area Tax Increment Financing District Eligibility Report, dated June, 1993 describes in detail the surveys and analysis undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a "blighted area" as defined by the Act. Summarized below are the findings of the Eligibility Report: The area is characterized by the presence of seven of the blighting factors as listed in the Act, impairing the sound growth of the taxing districts in this area of the City. Specifically:

- * Of the fourteen factors set forth in the law, seven are present in the Redevelopment Project Area.
- * The blighting factors which are present are reasonably distributed throughout the Redevelopment Project Area.
- * All areas within the Redevelopment Project Area show the presence of blighting factors.

The following factors are present within the improved area:

1. Age

Age as a factor is present in three of the four parcels of the Redevelopment Project Area. Of the two primary buildings in the Redevelopment Project Area, all (100 percent) are 35 years of age or older. In addition, the former radar testing structure is also more than 35 years of age. Therefore, all structures in the Redevelopment Project Area are 35 years of age or older.

2. Dilapidation

Dilapidation is not present in any buildings and/or parcels in the Redevelopment Project Area.

3. **Obsolescence**

Obsolescence as a factor is present in the largest industrial building and the former radar testing facility. The condition contributing to this factor is an obsolete building that is not functional for contemporary industrial utilization due to its layout, height, and column spacing. The former radar testing structure has no functional use today. Two parcels are impacted by obsolete platting. Obsolescence is present in three of the four parcels in the Redevelopment Project Area.

4. **Deterioration**

Deterioration as a factor is present in all four of the parcels and in all of the buildings within the Redevelopment Project Area. Conditions contributing to this factor include deteriorating structures, deteriorating off-street parking and storage areas and site surface areas, and deteriorating road pavement, curbs, gutters and sidewalks. The former radar testing structure is also deteriorating.

5. **Illegal use of individual structures**

There were no structures which contained illegal uses as defined by municipal ordinance.

6. **Structures Below Minimum Code Standards**

There were no structures which found to be below minimum code standards as defined by municipal ordinance.

7. **Excessive Vacancies**

Excessive vacancies as a factor is present in the Redevelopment Project Area. All three of the buildings containing a total of approximately 420,000 square feet are vacant. In addition a majority of the open area, primarily an unpaved parking area is not being utilized. The buildings in the Redevelopment Project Area have been vacant for in excess of six years. Excessive vacancies are present in all four of the parcels in the Redevelopment Project Area.

8. **Overcrowding of structures and community facilities**

There was no evidence of overcrowding of structures in the Redevelopment Project Area.

9. **Lack of Ventilation, Light or Sanitary Facilities**

There was no evidence of lack of ventilation, light or sanitary facilities in the Redevelopment Project Area.

10. **Inadequate Utilities**

There was no evidence of inadequate utilities in the Redevelopment Project Area.

11. **Excessive land coverage**

There was no evidence of excessive land coverage in the Redevelopment Project Area.

12. **Deleterious Land-Use or Layout**

Deleterious land-use or layout is present in the Redevelopment Project Area and is represented by the excessive vacancy of the building, and vacant land. All four parcels in the Redevelopment Project Area are impacted by deleterious land-use or layout.

13. **Depreciation of Physical Maintenance**

Depreciation of physical maintenance is present in the Redevelopment Project Area. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and storage areas and site improvements. Depreciation of physical maintenance impacts all four parcels in the Redevelopment Project Area.

14. **Lack of Community Planning**

Lack of community planning is present throughout the Redevelopment Project Area. The primary components of lack of community planning include inadequate street planning and un-buffered industrial uses adjacent to residential uses. The Redevelopment Project Area lacks an overall plan for coordinated development on a parcel by parcel basis.

The analysis above was based upon data assembled by the Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the condition and use of the Redevelopment Project Area;

2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing and previous uses and their relationships;
4. Comparison of current land use to current zoning ordinance and the current zoning maps;
5. Historical analysis of site uses and users;
6. Analysis of original and current platting and building size layout;
7. Analysis of tax delinquency; and
8. Review of previously prepared plans, studies and data.

Based upon the findings of the Eligibility Study for the Fullerton/Normandy Area, the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan.

FULLERTON/NORMANDY REDEVELOPMENT PROJECT

A. REDEVELOPMENT PROJECT AREA GOAL AND OBJECTIVES

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking some or all of the following actions:

1. Assemblage of Sites. To achieve the renewal of the Redevelopment Project Area, property identified in Map 3, Development Activities, attached hereto and made a part hereof, may be acquired by the City of Chicago and cleared of all improvements if any and either (a) sold or leased for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or facilities. The City may determine that to meet the renewal objectives of this Redevelopment Plan, other properties in the Redevelopment Project Area not scheduled for acquisition should be acquired or certain property currently listed for acquisition should not be acquired. Acquisition of land for public rights-of-way will also be necessary for the portions of said rights-of-way that the City does not own (see Map 3).

As a necessary part of the redevelopment process, the City may hold and secure property which it has acquired and place it in temporary uses until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, parking or other uses the City may deem appropriate.

2. Provision of Public Improvements and Facilities. Adequate public improvements and facilities will be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:
 - a. Reconstruction of interior streets
 - b. Provision of utilities necessary to serve the redevelopment.
3. Provision for Soil and Site Improvements. Funds may be made available for improvements to properties for the purpose of making land suitable for development.
 - a. Entering into a redevelopment agreement for necessary site improvements in the Redevelopment Project Area.
 - b. Environmental remediation necessary for redevelopment of the Redevelopment Project Area.

4. Redevelopment Agreements. Land assemblage shall be conducted for (a) sale, lease, or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Terms of conveyance shall be incorporated in appropriate disposition agreements which may contain more specific controls than those stated in the Redevelopment Plan. Requirements for site improvement and public improvements may also be included in the Redevelopment Agreements.

In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements.

B. REDEVELOPMENT PLAN

The Redevelopment Plan proposes the redevelopment of the major facility in the Fullerton/Normandy Area, to stimulate or stabilize not only the Redevelopment Project Area but also the properties within the surrounding area. The present industrial buildings in their current configuration and condition are not properly designed to take advantage of the present industrial users. In order to accomplish the City of Chicago's objective of stimulating retail activity and redevelopment of unused properties, this Redevelopment Plan will also make approximately 15.3 acres of land available for a new retail facility development and will allow for the economic and functional redevelopment of the existing building.

The Plan proposes the redevelopment of the existing property into a modern retail store, which will be developed as a home improvement retail center. Additional future outlot retail development is also anticipated. When completed the Redevelopment Project Area will allow for the development of approximately 200,000 square feet of new retail facilities employing approximately 375 persons and in excess of 125 construction jobs.

The proposed Fullerton/Normandy Redevelopment Project Area will require planning and programming of improvements. The redevelopment agreement will generally provide for the City to provide funding for activities permitted by the Illinois Compiled Statutes. The funds for said improvements will come directly from the incremental increase in tax revenues generated from the entire Redevelopment Project Area or the City's issuance of bonds to be repaid from the

incremental increase in tax revenues to be generated from the entire Redevelopment Project Area. A developer or user will undertake the responsibility for the required soil and site improvements, a portion of which may be paid for from the issuance of bonds, and will further be required to build any agreed to improvements and necessary ancillary improvements required for the project.

The estimated redevelopment project costs are shown in Table 1. To the extent that municipal obligations have been issued to pay for such redevelopment project costs incurred prior to, but in anticipation of, the adoption of tax increment financing, the City shall be reimbursed for such redevelopment project costs. The total redevelopment project costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest and other financing costs).

C. GENERAL LAND-USE PLAN

The Redevelopment Plan and the proposed projects described herein conform to the land uses and development policies for the City as a whole as currently provided by the City of Chicago Zoning Ordinances.

The proposed land use will be changed from industrial to commercial/retail. As a result of the proposed plan a Highest and Best Use & Real Estate Impact Study was conducted of the Redevelopment Area. Based upon the factors stated in that Study, it was determined that the proposed commercial development is consistent with the definition of the highest and best use and meets the Chicago Zoning Ordinance for the establishment of a Business Planned Development.

D. ESTIMATED REDEVELOPMENT PROJECT COSTS

Redevelopment project costs mean the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan and

Redevelopment Project pursuant to the State of Illinois Tax Increment Allocation Redevelopment Act. Such costs may include, without limitation, the following:

1. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan, including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected;
2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
3. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures;
4. Costs of the construction of public works or improvements;
5. Costs of job training and retraining projects;
6. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;
8. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
9. Payment in lieu of taxes;
10. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the

Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;

11. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
 - b. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 - d. the total of such interest payments paid pursuant to this Act may not exceed 30 percent of the total of (i) costs paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act.
12. Unless explicitly stated in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

The estimated redevelopment project costs are shown in Table 1. To the extent that municipal obligations have been issued to pay for such redevelopment project costs incurred prior to, but in anticipation of, the adoption of tax increment financing, the City shall be reimbursed for such redevelopment project costs. The total redevelopment project costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs, interest and other financing costs). Within this limit, adjustments may be made in line items without amendment to this Redevelopment Plan.

Project Area. Other sources of funds which may be used to pay for redevelopment costs and obligations issued or incurred, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate such as municipal sales taxes, municipal amusement taxes, generated from the district. Without the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be developed. All incremental revenues utilized by the City of Chicago will be utilized exclusively for the development of the Redevelopment Project Area.

Issuance of Obligations

To finance redevelopment costs a municipality may issue obligations secured by the anticipated tax increment revenue generated within the TIF redevelopment area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and redevelopment project costs, and, to the extent that real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The total 1991 equalized assessed valuation for the entire Redevelopment Project Area is \$2,262,324. This equalized assessed valuation is subject to final verification by Cook County. After verification, the County Clerk of Cook County, Illinois will certify the amount, and this amount will serve as the "Initial Equalized Assessed Valuation."

Anticipated Equalized Assessed Valuation

By the year 1996, when it is estimated that all the anticipated private development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at between \$6,000,000 and \$9,000,000. These estimates are based on several key assumptions, including: 1) all commercial re-development will be completed in 1995; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Project and Plan; 3) the most recent State Multiplier of 2.0523 as applied to 1991 assessed values will remain unchanged and 4) for the duration of the project the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1991 level.

PROVISION FOR AMENDING ACTION PLAN

The Fullerton/Normandy Redevelopment Project Area Tax Increment Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the Fullerton/Normandy Redevelopment Project Area.

- A. The assurance of equal opportunity in all personnel and employment actions with respect to the Plan and Project, including but not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed, or ancestry.

- B. This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

LEGAL DESCRIPTION

THAT PART OF THE EAST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF THE EAST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 30; THENCE NORTHERLY, ALONG THE WEST LINE OF THE EAST HALF AFORESAID, TO THE NORTH LINE OF THE SOUTH 220 FEET OF THE NORTH HALF OF SAID EAST HALF AFORESAID; THENCE EASTERLY, ALONG THE AFOREDESCRIBED LINE, TO THE WEST RIGHT-OF-WAY OF THE CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY; THENCE SOUTHERLY, ALONG SAID WEST RAILROAD RIGHT-OF-WAY TO THE SOUTH LINE OF THE NORTH 100 FEET OF THE SOUTH HALF OF THE EAST HALF AFORESAID; THENCE WESTERLY, ALONG THE AFOREDESCRIBED LINE TO A LINE 150 FEET WEST OF AND PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE SOUTHERLY, ALONG THE AFOREDESCRIBED LINE, TO A LINE 400 FEET SOUTH OF THE NORTH LINE OF THE SOUTH HALF OF THE EAST HALF AFORESAID, AS MEASURED PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE WESTERLY, ALONG THE AFOREDESCRIBED LINE, TO A LINE 180 FEET WEST OF AND PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE SOUTHERLY, ALONG THE AFOREDESCRIBED LINE, TO A POINT 900 FEET SOUTH OF THE NORTH LINE OF THE SOUTH HALF OF THE EAST HALF AFORESAID, AS MEASURED PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE SOUTHWESTERLY TO A POINT 997 FEET SOUTH OF THE NORTH LINE OF THE SOUTH HALF OF THE EAST HALF AFORESAID, AS MEASURED ALONG A LINE 200 WEST OF AND PARALLEL WITH SAID WEST RAILROAD RIGHT-OF-WAY; THENCE SOUTHERLY ALONG THE AFOREDESCRIBED LINE, TO THE SOUTH LINE OF THE EAST HALF AFORESAID; THENCE WESTERLY, ALONG THE AFOREDESCRIBED LINE, TO THE POINT OF BEGINNING, IN COOK, COUNTY, ILLINOIS.

TABLE 1

ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvements

Demolition	1,500,000
Environmental Remediation	1,000,000
Site Preparation	300,000
Public Improvements	150,000
Planning, legal, studies, etc.	150,000

TOTAL PROJECT COST* \$ 3,100,000

*Exclusive of capitalized interest, issuance costs and other financing costs

TABLE 2
1991 EQUALIZED ASSESSED VALUATION

PERM. INDEX NO.	1991 EAV
13-30-404-013	126,270
13-30-409-004	2,008,469
13-30-409-005	53,179
13-30-409-008	36,255
TOTAL EAV	\$ 2,262,324

MAPS

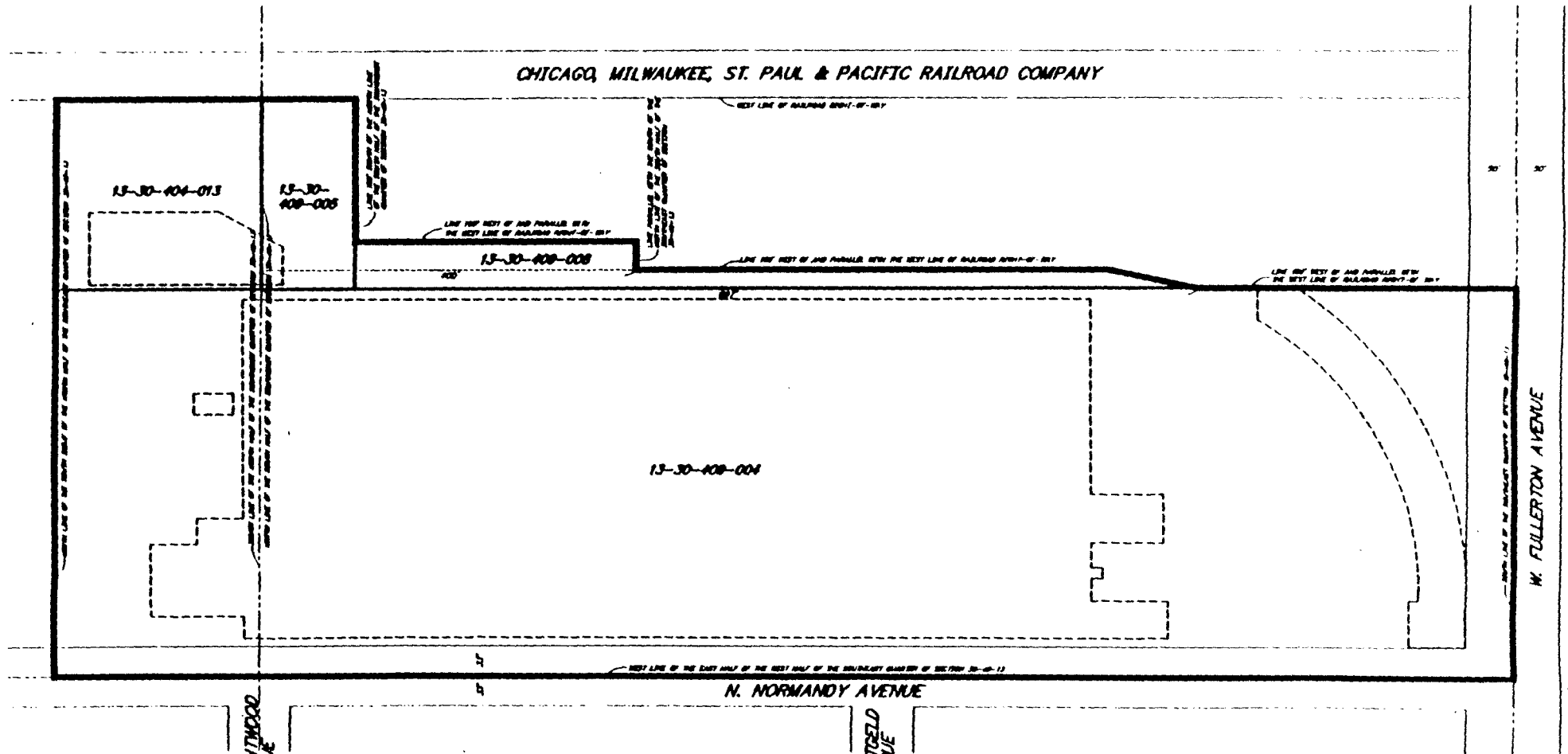
Map 1 Redevelopment Project Boundaries

Map 2 Existing Land-Use

Map 3 Redevelopment Plan / Proposed Land-Use

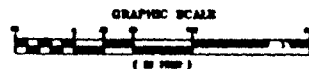
FULLERTON / NORMANDY AREA T.I.F. EXHIBIT

MAP 1 REDEVELOPMENT PROJECT BOUNDARIES



LEGEND

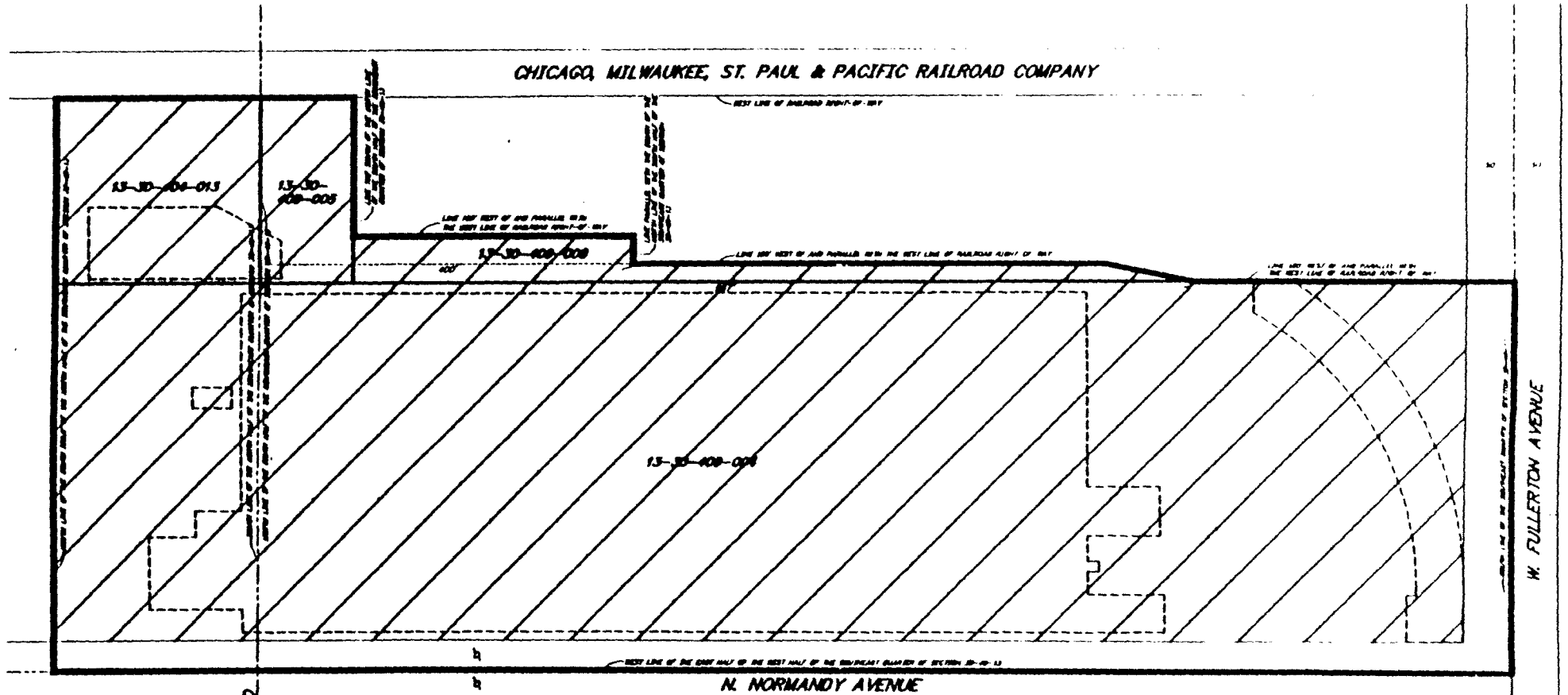
- EXISTING BUILDINGS
- BOUNDARY
- 15-30-408-004 - PIN NUMBER



FULLERTON / NORMANDY AREA
REDEVELOPMENT PLAN
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PREPARED BY:
LOUIK | SCHNEIDER & ASSOCIATES

FULLERTON / NORMANDY AREA T.I.F. EXHIBIT

MAP 2
EXISTING LAND USE






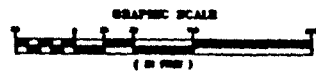
W. WRIGHTWOOD AVENUE

W. ALTHELD AVENUE

W. FULLERTON AVENUE

LEGEND

-  - INDUSTRIAL
-  - EXISTING BUILDINGS
-  - BOUNDARY
- 15-30-408-004 - PIN NUMBER

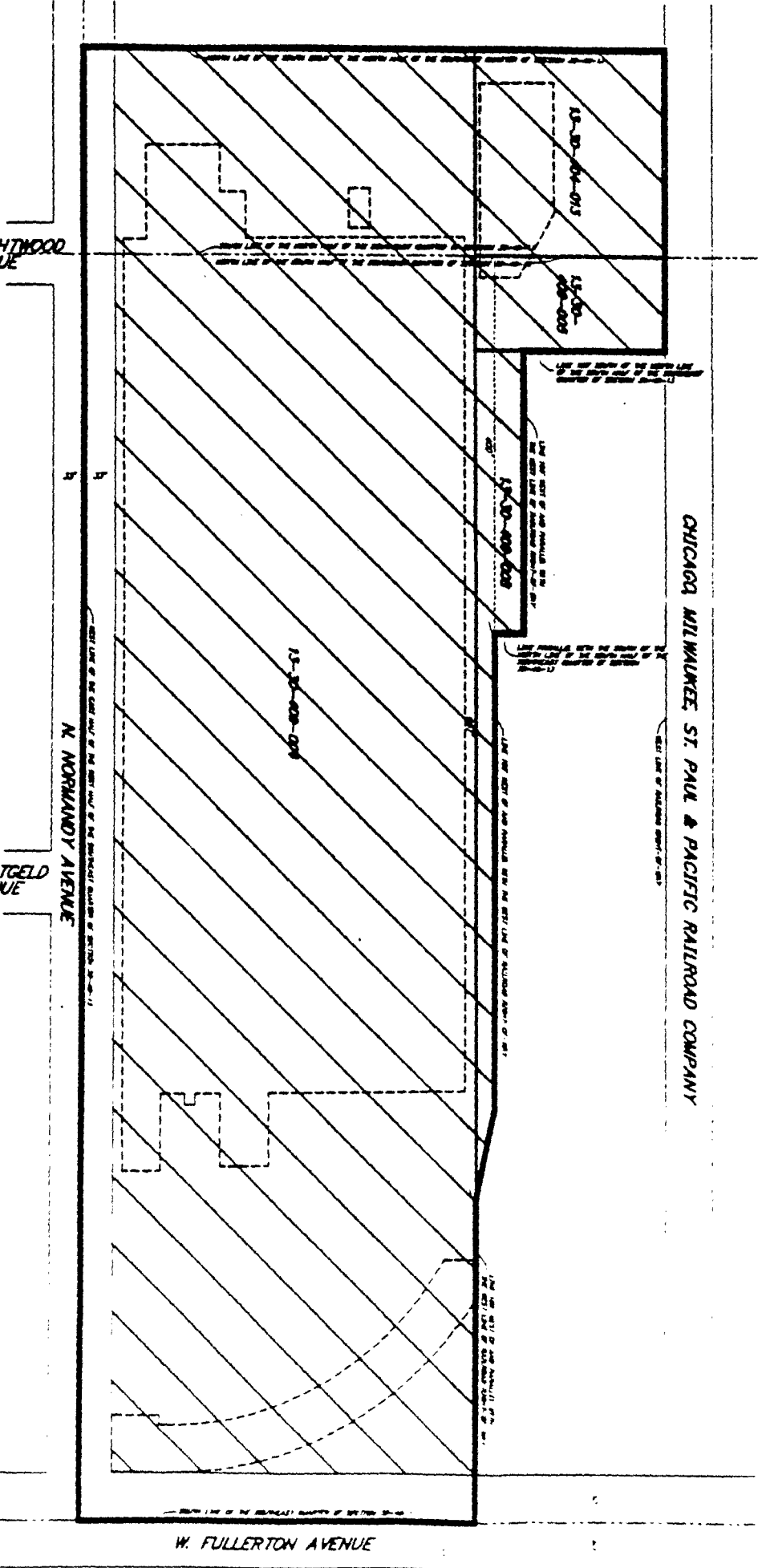


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MAP 3 REDEVELOPMENT PLAN / PROPOSED LAND USE

CHICAGO MILWAUKEE ST. PAUL & PACIFIC RAILROAD COMPANY



N. WRIGHTWOOD AVENUE

LEGEND

COMMERCIAL

EXISTING BUILDINGS

BOUNDARY

PIN NUMBER



N. ALTGELD AVENUE

N. NORMANDY AVENUE

W. FULLERTON AVENUE

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