

EXHIBIT B
AMENDMENT NO. 1
City of Chicago

Chatham-Ridge Redevelopment Area
Redevelopment Plan and Project

July, 1996

The Chatham-Ridge Redevelopment Area's Redevelopment Plan and Project (the "Plan") of the City of Chicago approved by Ordinance of the City Council on December 18, 1996 is hereby amended by revising Exhibit 1 ("Estimated Project Development Costs") as follows:

"Amendment No. 1 to the Redevelopment Project and Plan"

<u>Original Estimated Project Development Items</u>	<u>Original Estimated Costs</u>	<u>Amended Project Development Items</u>	<u>Amended Project Costs</u>
Building Acquisition	\$ 2,000,000	Property Assembly Land Acquisition Demolition Site Preparation Environmental Remediation	\$10,500,000
Public Improvements	\$ 923,000	Public Improvements:	\$ 5,000,000
Site Preparation	\$ 1,668,000	Delete	\$ -0-
Tenant Improvements/ Relocation	\$ 100,000	Relocation	\$ 500,000
Architect & Engineer	\$ 61,600	Delete	\$ -0-
Other Professional Fees	\$ 300,000	Professional Services (Studies, Plans, Surveys Administration, Legal, Architectural & Engineering Environmental audits, etc.)	\$ 1,500,000
City Administration Expenses	\$ 100,000	Delete	\$ -0-
Financing Expenses	\$ 1,117,000	Interest	\$ 2,000,000
No Category Listed	\$ -0-	Rehabilitation	\$ 5,000,000
No Category Listed	\$ -0-	Job Training	\$ 500,000
TOTAL:	\$ 6,269,000	TOTAL:	\$25,000,000*

* Note: The total redevelopment project costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs and other financing costs). Within this limit, adjustments may be made in line items without further amendment to Revised Exhibit No. 1. Line items and/or estimated redevelopment project costs in bold type are revisions to Exhibit No.1 in the original Plan.

CHATHAM RIDGE REDEVELOPMENT AREA
REDEVELOPMENT PLAN AND PROJECT
CHICAGO, ILLINOIS

OCTOBER 1986

CHATHAM RIDGE REDEVELOPMENT AREA

REDEVELOPMENT PLAN AND PROJECT

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OCTOBER 1986

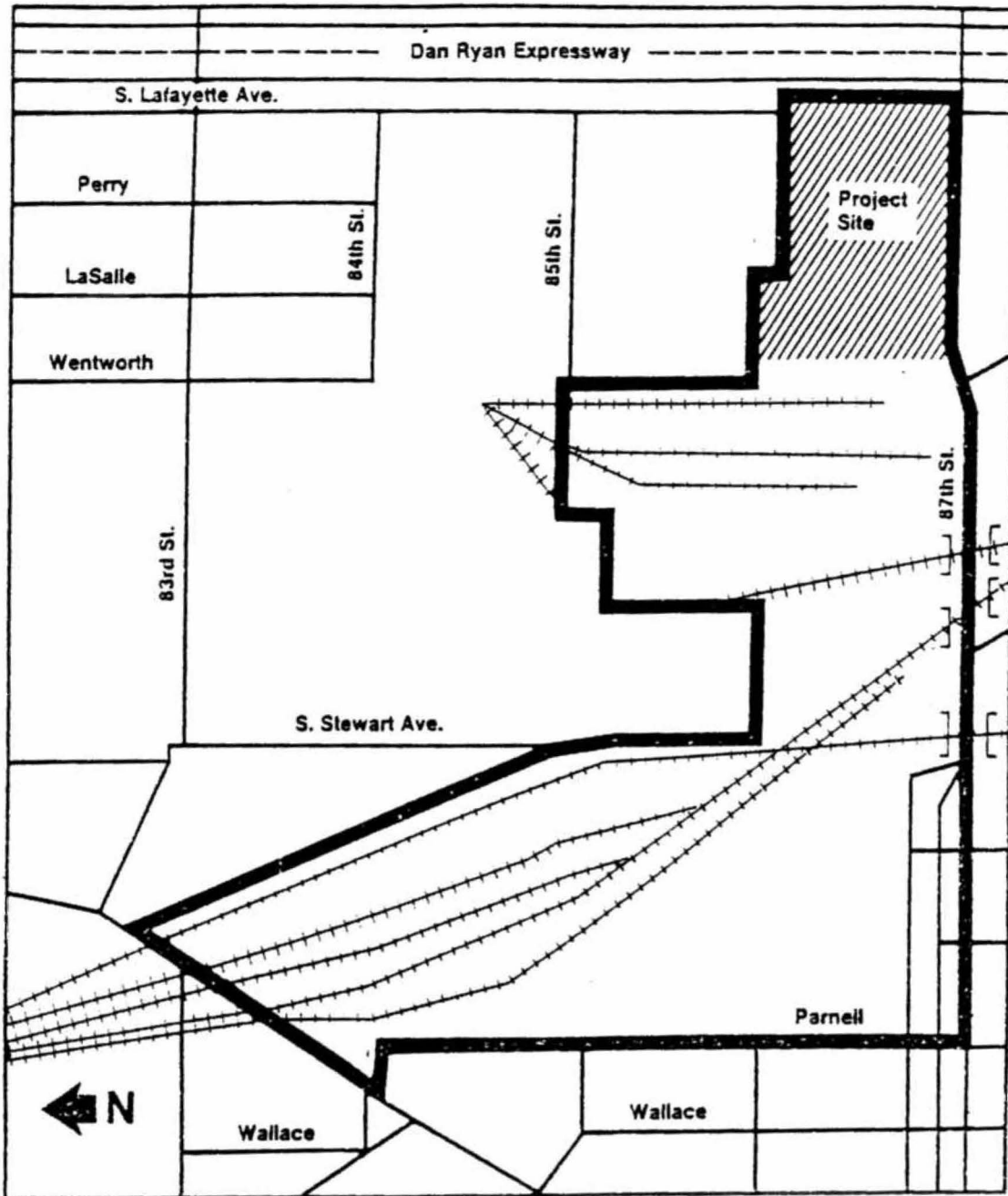
LETTER OF TRANSMITTAL

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FIGURE 1

CHATHAM RIDGE REDEVELOPMENT AREA Project Site



KEY

-  Redevelopment Area
-  Project Site
(is within Redevelopment Area)
-  Railroad

This project is extremely vital since the surrounding neighborhood lacks a desired quantity and variety of retail stores, and the project would provide incentives to motivate national businesses to locate in this area instead of the suburbs. The redevelopment of the Chatham Ridge Project Site should help to create a multiplier effect so that additional private funds will be invested in the community, advancing the redevelopment of the area, including the Chatham Ridge Redevelopment Area and perhaps even adjoining parcels, and halting what otherwise would have been a stagnant, unproductive scenario for the City of Chicago.

The Chatham Ridge Project Site currently consists primarily of a one-story building, which was once a warehouse for Johnson Products. Over the years the site has declined, falling on bad times, so that the building is now functionally and economically obsolete. The building has been marketed as an industrial or distribution facility without success. The physical condition of the building and site is deteriorated. Redevelopment to alternative uses provides a viable means of halting the present deterioration of the Chatham Ridge Project Site and stimulating economic development of the surrounding Chatham Ridge Redevelopment Area.

CHATHAM RIDGE REDEVELOPMENT AREA
AND PROJECT SITE DESCRIPTIONS

The Chatham Ridge Redevelopment Area, is generally located on the south side of the City of Chicago, County of Cook and State of Illinois, and is described as being bounded as follows:

By the south boundary line of West 87th Street; the western boundary line of South Parnell Street, the south boundary line of West 84th Street, the west boundary line of South Vincennes Avenue, the easterly line of the right-of-way for the C. & W.I. Railway line; the southern boundary of the Ryerson Steel plant facilities; the western and southern boundary lines of lands used for the Johnson Products distribution facility, and the west line of the Dan Ryan Expressway.

The Chatham Ridge Redevelopment Area is approximately 90 acres in size and is located in a predominantly nonresidential portion of the city, characterized by industrial and commercial uses. The Area with its existing land uses is shown in Figure 2 on the following page, and legally described in Appendix A.

Existing land uses in the Chatham Ridge Redevelopment Area include industrial, commercial and transportation (railroad). A portion of the Redevelopment Area is vacant. Existing development in and improvements to the Redevelopment Area include the following:

- A 200,000-square-foot industrial/warehouse building currently being used for commercial purposes.
- A steel salvage yard.
- An older, multiple-story processing/warehousing facility currently being used for commercial purposes (flea-market).
- A gasoline service station.
- A church building.
- A construction yard and storage building.
- Railroad trackage and related buildings.

INTRODUCTION

The City of Chicago has a large and complex economic base. One of the greatest challenges in planning for the growth and expansion of the City's economic base is to maintain a balance between neighborhood and downtown development. Economic forces are polarizing business opportunities in suburban and downtown locations. Neighborhood business districts have fallen prey to the convenience of suburban shopping malls and the draw of specialty retail, entertainment and service opportunities downtown.

The City of Chicago has recognized the challenges of neighborhood economic development through a variety of planning and economic development policies and programs. The City is beginning the process of revitalizing Chicago's neighborhood economies. The adoption of the Chatham Ridge Redevelopment Area Redevelopment Plan and Project is a logical and consistent step toward revitalizing the economic base of the Chatham Ridge area.

Report Definitions

The Redevelopment Plan is designed to improve an under-utilized area in the vicinity of 87th Street and the Dan Ryan Expressway. For the purposes of this report, two geographical areas are defined and will be referred to as follows:

Chatham Ridge Redevelopment Area ("Redevelopment Area"): An approximately 90-acre area which includes the Chatham Ridge Project Site. The Chatham Ridge Redevelopment Area is the broader neighborhood in the vicinity of the Dan Ryan Expressway and 87th Street that is in need of redevelopment (see Figure 1, page 3).

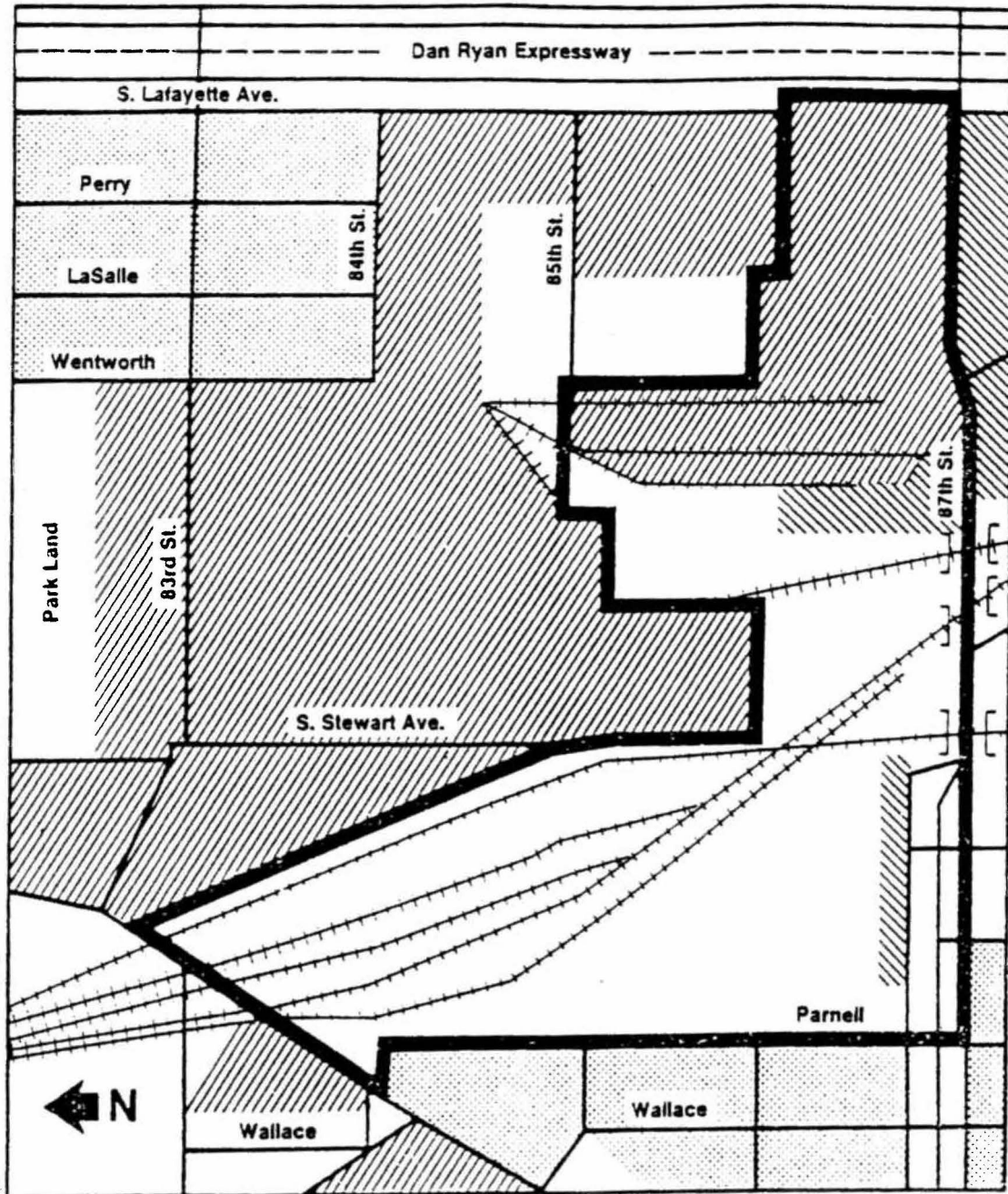
Chatham Ridge Project Site ("Project Site"): An approximately 17-acre site located in the southeast section of the Chatham Ridge Redevelopment Area (see Figure 1, page 3).

The Chatham Ridge Redevelopment Area consists of single- and multi-story manufacturing or processing buildings, vacant land, a flea market, largely underutilized railroad tracks, and a steel scrap yard. Many of the buildings are in partial use or, in some cases, have been abandoned by their previous owners and/or occupants. In addition to the impact of the unsightliness and unproductiveness of the Chatham Ridge Redevelopment Area on the surrounding neighborhood and its residents, the deteriorating condition of the Redevelopment Area is also an unproductive revenue drain for the entire City of Chicago, resulting in a loss of tax dollars. Therefore, development in the Redevelopment Area should be initiated with the Chatham Ridge Project Site in order to introduce a potentially productive parcel back into the neighborhood and, in the process, help begin the revitalization of the Chatham Ridge Redevelopment Area.







Specifically, development of the Chatham Ridge Project Site would result in an approximately 186,000-square-foot retail shopping center, consisting of a one-story multi-tenant structure, several freestanding buildings and off-street parking. The shopping center would feature both nationally and locally based tenants and would be designed to stem the flow of city shoppers to the suburbs for quality and price-conscious merchandise.

CHATHAM RIDGE REDEVELOPMENT AREA

Existing Land Uses



KEY

-  Redevelopment Area
-  Residential
-  Commercial
-  Industrial
-  Vacant
-  Railroad

The Chatham Ridge Project Site is the aggregate of approximately 17 acres. The Chatham Ridge Project Site is shown in Figure 1. It includes only those contiguous parcels of real property and improvements thereon which will be benefited substantially by the proposed redevelopment project.

The Chatham Ridge shopping center would be developed on the Chatham Ridge Project Site. The Chatham Ridge Project Site, located on the south side of the City of Chicago, County of Cook and State of Illinois, is bounded by the western line of the Dan Ryan Expressway (I-94) on the east, the south boundary line of west 87th Street on the south, the east property line of the Anthony Steel steel scrap yard on the west and the south property line of the Johnson Products manufacturing/distribution facilities on the north.

Existing land uses on the Chatham Ridge Project Site consist primarily of a one-story building, which was once a warehouse for Johnson Products, and its accompanying parking lot and rail spur.

POLICY FOUNDATION

The Redevelopment Plan for the Chatham Ridge Redevelopment Area conforms to the comprehensive plan for the development of the City of Chicago as a whole. Further, these purposes are consistent

with and are pursuant to implementation of general municipal development objectives and policies contained in plans previously stated by the City of Chicago, including the following:

1. The Comprehensive Plan of Chicago: the Improvement Plan for Business, December 1966.
2. The Comprehensive Plan of Chicago: Mid-South Development Area, September 1968.
3. Chicago Development Plan, Chicago Works Together, May 1984.

Pertinent objectives from the above three mayoral policy statements include the following (the number in parentheses following each specific pertinent objective refers to the plan from which it is excerpted):

1. Provide adequate parking and attractive settings. (1)
2. Improve business centers in older parts of the City. (1)
3. Private initiative supported by public actions will be the important component in business improvements. (1)
4. Improve business centers in conjunction with major rebuilding programs. (1)
5. Consolidate strip commercial development. (1)
6. Provide needed shops and services for Chicago residents. (1)
7. Pursue projects which would compete effectively with suburban centers. (1)
8. Give priority (of treatment) to centers which face competition from suburban centers. (1)
9. Provide more efficient and attractive commercial facilities by encouraging the consolidation of businesses into competitive, customer-oriented retail and special-service centers. (2)

10. Encourage industry to meet contemporary standards regarding parking, screening noise and air pollution. Encourage the consolidation of older industrial districts by replacing or rehabilitating deficient buildings and removing nonindustrial uses. (2)
11. Maintain residential areas of high quality and improve those which have deteriorated. Increase the supply of standard housing by rebuilding in older areas. (2)
12. An emphasis on strengthening Chicago's tax base is fundamental to virtually every City development project which seeks to maintain or expand Chicago's business community and to create job opportunities for City residents. (3)
13. Many Chicago neighborhoods that have suffered disinvestment in the past should be emphasized for new investment over those neighborhoods with extensive and solvent private investment. (3)
14. A call for balanced growth as a key to economic development means the vigorous pursuit of development opportunities in both the downtown and the neighborhoods, and across the City's economic sectors. (3)

REDEVELOPMENT PLAN GOALS AND OBJECTIVES

The purpose of the Redevelopment Plan is to stimulate growth in the form of investment in new development and reinvestment in facilities that are essential in a specific business district, as it is in the entire City. Redevelopment and conservation efforts in the Redevelopment Area would strengthen the entire City through environmental improvements and an increased tax base, and would provide additional employment opportunities. It would encourage citizens and government to work together to address and solve the problems of urban growth and development. The joint venture between

the City and the private sector for the redevelopment of the Chatham Ridge Redevelopment Area would receive significant support from the business community.

General Goals

- A. Improve the quality of life in Chicago by eliminating the influences of both physical and economic blight in the Redevelopment Area.
- B. Enhance the marketability of vacant and other underutilized properties by encouraging private investments which strengthen the community's economy, tax base, business environment and living environment.
- C. Develop and create an attractive blend of retail and restaurant space with related uses.
- D. Provide adequate and accessible on-site parking and good traffic flow.
- E. Provide sound economic development in the Redevelopment Area while generating needed sales and real estate tax revenues.
- F. Provide employment opportunities for minorities and women.

Redevelopment Objectives

- A. Enhance the tax base of the City of Chicago and of other taxing districts which extend to the Redevelopment Area by encouraging private investment and commercial development.
- B. Provide public improvements which include utilities, parking, public open space, sidewalks, streetscapes, etc.
- C. Eliminate blight conditions within the Redevelopment Area.
- D. Enhance the value of properties within both the Redevelopment Area and the general business district.
- E. Provide a net benefit to the City in both jobs and tax revenues.
- F. Provide needed incentives to encourage a broad range of improvements in the development of the Redevelopment Area.

CHATHAM RIDGE REDEVELOPMENT AREA ELIGIBILITY

The Tax Increment Allocation and Redevelopment Act (Act) of 1977 allows municipalities to improve eligible "blighted" or "conservation" areas in accordance with an adopted redevelopment plan. The Act defines specific criteria for determining the eligibility of an area for redevelopment.

A redevelopment project area is:

"An area designated by the municipality, which is not less in the aggregate than 1-1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted and conservation areas."

A conservation area is defined by the Act as:

"... any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but because of a combination of 3 or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land-use or layout; depreciation of physical maintenance; lack of community planning, is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area."

A blighted improved or vacant area is defined by the Act as:

"... any improved or vacant ... area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of five or more of the following factors:

age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land-use or layout; depreciation of physical maintenance; lack of community planning is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the tax district is impaired by, (1) a combination of two or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such land; deterioration of structures on site improvements in neighboring areas adjacent to the vacant land, or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused rail yards, rail tracks or railroad rights-of-way"

To determine eligibility, a field survey of the Redevelopment Area was conducted together with further research into building age, performance and condition. The discussion below presents an analysis of site and building conditions that relate to the criteria established for designating a redevelopment project area. Relevant characteristics of the improved portions of the Chatham Ridge Redevelopment Area are as follows:

- Size - The Chatham Ridge Redevelopment Area is approximately 90 acres in size, which exceeds the minimum requirement for a redevelopment project area.
- Age of buildings - The majority of the buildings in the Redevelopment Area were constructed before 1950, which exceeds the 35-year standard defined in the Act. These buildings include:

- . The industrial/warehouse/office building formerly occupied by Johnson Products.
 - . The processing/warehouse facility that is partially occupied by the Rainbow Flea Market.
 - . The Concord oil gasoline service station (part).
 - . The building structures associated with the railroad operations.
 - . The building structures associated with Anthony Steel that are identifiable.
- Deterioration - Various buildings and land areas in the Redevelopment Area exhibit different stages of deterioration. The overall pattern in the Area clearly leads to an increasing rate of disinvestment and deterioration. For example, the industrial warehouse building at Lafayette and 87th Street has some leaks in its roof that have resulted in water damage. The north side of the building is overgrown and declining from lack of use because of an abandoned rail spur. The surrounding site, which is largely vacant or used for parking, is also overgrown, poorly maintained and strewn with garbage. The Rainbow Flea Market is located in an old processing/warehouse facility that is in a severe state of disrepair. A multi-story building at the northern end of this facility exhibits dilapidated conditions such as an overall poor physical condition, broken windows, outmoded equipment and a missing roof. A large parcel of land between the Flea Market and Concord Oil is covered with garbage and other unwanted debris. Similarly, the parcel between the Church of God and Concord Oil has become partially a dumping ground.
- Obsolescence - The largest building in the Redevelopment Area, the 200,000-square-foot former Johnson Products facility is functionally and economically obsolete. The building was unsuccessfully marketed for five years as an industrial/warehouse facility. The facility fails to meet many of the criteria that manufacturing/warehouse operations require for facilities:
- . The long and narrow configuration of the building would require an inefficient U-shaped material flow.
 - . There is a lack of rail service which would be essential for a facility of this magnitude.

- . The placement of the building on the lot line at the 87th Street and Lafayette Avenue intersection inhibits ingress and egress of transportation vehicles because of tight turning radii and traffic conditions.
- . The physical condition of the interior offices does not meet present standards of design, utilization or flexibility.

Other obsolete buildings in the Area include the multi-story portion of the building that currently houses the flea market. Modern manufacturing and distribution technologies are not suited to multi-story building configurations. The railway buildings on the western side of the Redevelopment Area are largely obsolete because of greatly reduced rail traffic in the area. The HD&B Construction storage facility was originally built for residential uses. Because of deterioration caused by its present use, only a major effort could return it to this higher former use.

- Depreciation of physical maintenance - Land and buildings within the Redevelopment Area are not being properly maintained, reflecting the general underutilization of these properties. Vacant land within the Redevelopment Area serves as a local dumping ground, and is generally overgrown. The Rainbow Flea Market building has broken and boarded-up windows. The parking lot and driveway are in disrepair. The multi-story portion of the building does not have a roof, and could be a potential safety hazard. The area surrounding the 200,000-square-foot building is overgrown and littered with debris, which detracts from the desirability of the area. The facility is occupied by temporary tenants who have little incentive to maintain the facility at its proper level. Interior carpeting and finish are worn, water damage is not repaired, some washrooms are unusable and parts of the facility's physical plant are poorly maintained.
- Deleterious land uses and layout - The land-use pattern in the Redevelopment Area is inconsistent and unsightly. The salvage yard and flea market are transitional land uses that do not reflect the development potential of this area, given its high traffic volume and visibility, and is inconsistent with surrounding residential and commercial land uses. The abandoned multi-story facility, the underutilized rail tracks

and vacant land are garbage-laden, further detracting from the Area's development potential. The potential of the largest facility in the Redevelopment Area, the former Johnson Products building, is limited by its layout. In order to redevelop or reuse the building, it must be subdivided to meet the needs of the marketplace. Changing manufacturing technology and management procedures are leading a shift in demand toward smaller manufacturing facilities in the range of 50,000 square feet, not 200,000 square feet. The configuration of the building and its position on the site are deleterious to its reuse:

- . The placement of sanitary facilities, sprinkler systems and other basic building systems are designed for a single user and would be expensive to retrofit for multi-tenants.
 - . The building was originally designed to be served by both rail and truck transportation. Because the former is in disrepair from lack of use, the long and narrow configuration of the building now requires an inefficient U-shaped materials flow.
 - . Ingress and egress to the facility are inhibited by its proximity to the intersection of 87th Street and Lafayette Avenue. Trucks entering and exiting the facility must make sharp turns into and out of an enclosed delivery area.
 - . The lack of rail service restricts reuse potential.
- Lack of community planning - The Redevelopment Area and its surrounding area have developed in an inconsistent manner. The potential of the shopping center south of 87th Street is inhibited by the underutilization and deleterious land uses of the Project Site. The amalgamation of industrial, commercial and residential land uses in the vicinity of 87th and Lafayette presents an inconsistent development pattern. The lack of synergistic or related land uses inhibits the area's market potential. Conflicting use patterns, such as truck versus automobile traffic, can cause public safety hazards, as well as general inconvenience. The abandoned and underutilized rail spurs have historically hampered development in the Redevelopment Area, and encourage dumping of debris. A critical mass of complementary retail/commercial uses is necessary to revitalize the economic development potential of the Redevelopment Area.

The characteristics of the vacant land in the Redevelopment Area are also relevant to the eligibility of the Redevelopment Area as follows:

- The western portion of the Redevelopment Area consists largely of rail tracks and rail right-of-way that are unused or underutilized.
- If the rail tracks are abandoned, the original platting of the streets and alleys will be in force (as passed by the town of Lake, November 1, 1881), which will inhibit redevelopment.
- The structures and areas surrounding the vacant land and in the Redevelopment Area are deteriorating as discussed above.
- There is diversity of ownership.

These survey results indicate that the Chatham Ridge Redevelopment Area qualifies as a blighted or conservation area under the Statutory criteria for such classifications. The Redevelopment Area has significant deficiencies in the following factors:

- Age
- Deterioration
- Obsolescence
- Depreciation of physical maintenance
- Deleterious layout and land uses
- Lack of community planning
- Obsolete platting
- Railway use and right-of-way
- Diversity of ownership of vacant land

The Chatham Ridge Redevelopment Area is clearly in need of redevelopment and is eligible for utilization of the Provisions of the Act. On the whole, the Chatham Ridge Redevelopment Area has not been subject to healthy growth and development through investment by private enterprise, and would not reasonably be anticipated

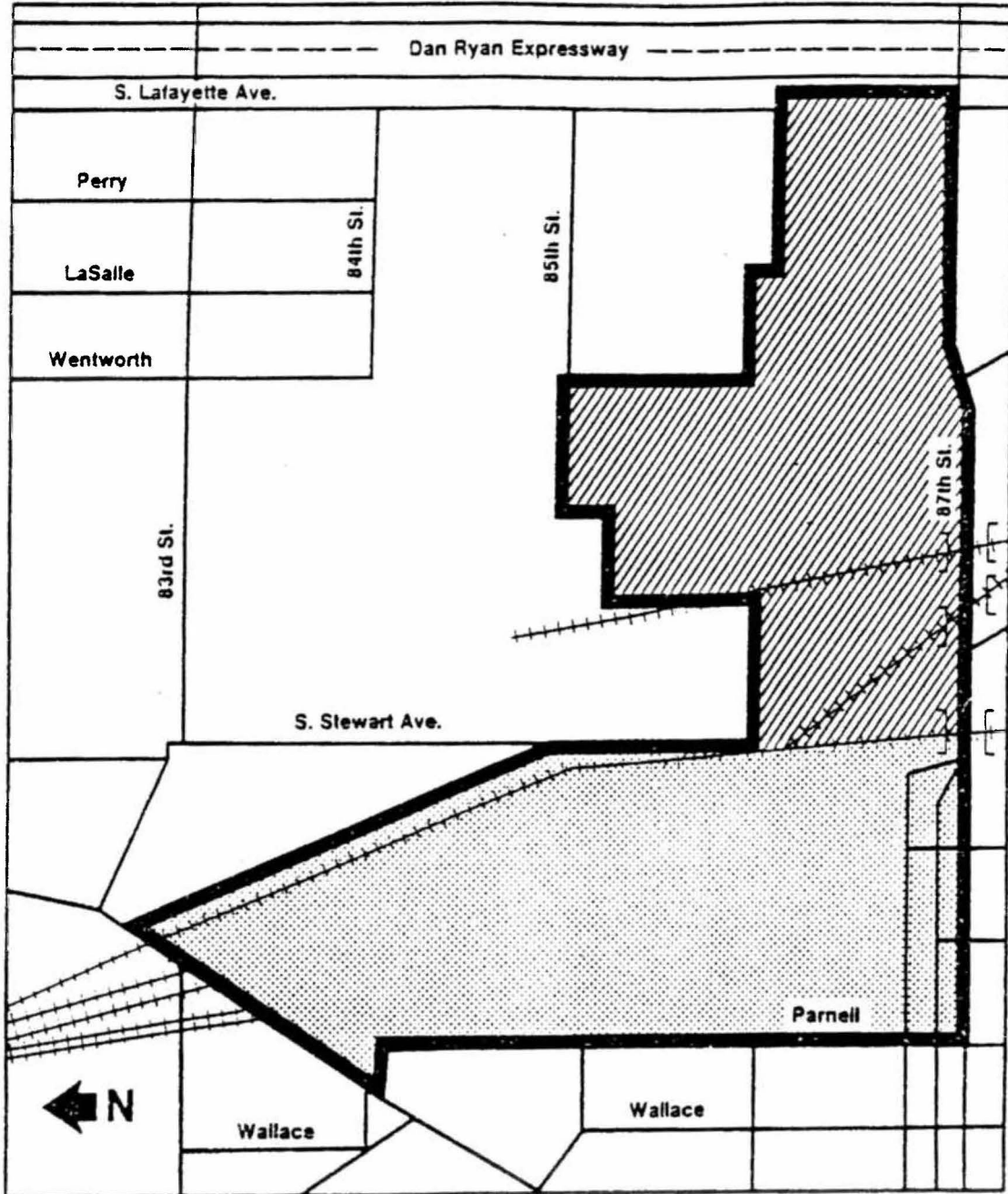
to be developed without the adoption of the Redevelopment Plan. Vacancies, abandoned buildings, obsolescence, depreciation of physical maintenance, and deleterious layout are all evidence of this situation. Lack of community planning and structural deterioration create obstacles which impede development through normal private actions. The existing facility on the Project Site has been marketed for five years without success for industrial/warehouse uses. It is functionally and economically obsolete, and reuse and redevelopment are the best strategies for utilizing the site to its full development potential.

REDEVELOPMENT PLAN

Pursuant to the foregoing goals and objectives, a coordinated Redevelopment Plan would be implemented to upgrade and revitalize the Redevelopment Area. The first phase of this plan would be to redevelop the Chatham Ridge Project Site at 87th and Lafayette for a community retail shopping center. Other development may be attracted to the Chatham Ridge Redevelopment Area once the subject shopping center is in place. Any such further development projects would have to be consistent with this Plan and the Act. Figure 3 on the following page identifies the proposed future land uses for the Redevelopment Area.

FIGURE 3

CHATHAM RIDGE REDEVELOPMENT AREA Future Land Uses



KEY

-  Commercial
-  Residential
-  Redevelopment Area Boundary
-  Railroad

Development Strategies

The development strategy under the Redevelopment Plan is to encourage the timely development of a shopping center on the Chatham Ridge Project Site at the corner of Lafayette and 87th Street. Other parts of the Redevelopment Area will be used for commercial and residential purposes as shown in Figure 3. Future land uses and redevelopment strategies will be consistent with this Redevelopment Plan.

All existing buildings on the Chatham Ridge Project site are to be demolished and construction would proceed so that the final redevelopment would include:

- A 186,000-square-foot, one-story, multi-tenant retail mall.
- Freestanding outlot-pads to feature restaurant and other related uses.
- Off-street parking.

The City of Chicago will provide improvements related to the Chatham Ridge shopping center on the Project Site to enhance the City as a whole, to support the Chatham Ridge Redevelopment Plan, and to serve the needs of area residents and businesses. Appropriate public improvements would include at least the following:

- Site preparation
- Upgrading storm, sewer and water lines in the adjoining streets
- Installing new sidewalks
- Providing new lighting and landscaping

The cost of these improvements is estimated in the schedule, Estimated Project Development Costs, in Exhibit 1 on page 24, and will be described in a subsequent section.

The retail center would feature both nationally and locally based tenants. The store mix and marketing strategy for the center would be designed to reduce the leakage of retail expenditures from the neighborhood, as well as to complement existing retail businesses.

Relocation

In order to facilitate the development of the Chatham Ridge shopping center, existing tenants in the building on the Redevelopment Site would have to be relocated. These tenants include:

- Debbie's School of Beauty Culture
- Junior Achievement
- A temporary service center for the M.A.N. Truck and Bus Corporation

The costs of relocation in the form of either relocation advice or financial assistance would be supported by tax increment funds. Future redevelopment of the rest of the Redevelopment Area and the costs associated with relocating tenants present at that time might be covered by tax increment funds generated by such future redevelopment.

Land Use Plan - Chatham Ridge Shopping Center -
Chatham Ridge Project Site

Land uses would be developed in accordance with the Planned Unit Development (PUD) to be submitted to the proper governing body. Future land uses are also expected to be in accordance with the proposed PUD and allowable variances therefrom. It is the intent of the plan to encourage conforming mixed-used development. The following are the characteristic uses which the City desires in the Project Site.

- Retail Uses - Retail uses should be developed in order to make the Project Site one of the preferred shopping center destinations in the City. Prospective tenants include food, appliance, drug and toy stores as anchors with ancillary, multi-tenant retail space.
- Restaurant Uses - Restaurant uses would be permitted throughout the Project Site.
- Parking Uses - Full realization of economic development potential of the Project Site is directly related to the availability of sufficient automobile parking that is conveniently located together with appropriate pedestrian linkages and amenities to allow and encourage patrons to combine their errands into a one-stop, multi-purpose trip.

Development Design Objectives

The land use plan for the shopping center is designed to improve and strengthen the general land-use relationships within the area. The placement of the building on the Project Site encourages interaction between the proposed retail center and the existing

shopping center located directly across 87th Street to the south, providing a stronger retail market draw for multi-purpose shopping trips. The industrial uses to the north are shielded by the site plan design, creating a consistent retail/commercial land-use pattern at 87th and Lafayette.

Architectural and design standards would meet or exceed City requirements. The development of subsequent portions of the Chatham Ridge Redevelopment Area would be consistent in quality and design standards with the Chatham Ridge shopping center.

Estimated Project Development Costs

The Redevelopment Plan required for tax increment financing must include a description of all costs pertaining to the redevelopment project. These project costs include all reasonable or necessary expenses incurred or estimated to be incurred in connection with a redevelopment plan and a redevelopment project. For example, these costs may be:

1. Cost 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.
2. Building acquisition, including demolition of buildings, removal of debris and site grading.
3. Costs of removing and constructing or repairing of on- or off-site public improvements, such as roads, curbs, signs, sidewalks, utilities and landscaping.

4. Financial 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 16 months thereafter, and including reasonable reserves related thereto.
5. Costs for relocating tenants from structures that will be demolished.

The estimated costs associated with the redevelopment of the Chatham Ridge Project Site are presented in Exhibit 1 on the following page.

Sources of Funds

Although other sources of funds which become available are not to be excluded, the only source presently contemplated for funding the redevelopment project costs described above is tax increment financing (T.I.F.). The revenue to support a T.I.F. bond issue will be derived from the incremental real estate taxes and the sales tax revenue generated by the new development in the designated redevelopment area.

The sales tax revenue was estimated by identifying a probable retail mix of the shopping center and applying a sales volume figure for each retail use. Because there are no current retail sales on the site, the total expected sales tax revenues are available to the increment allocation. The sales tax revenue allocated

EXHIBIT 1
 CHATHAM RIDGE PROJECT SITE
 ESTIMATED PROJECT DEVELOPMENT COSTS
 ELIGIBLE FOR TAX INCREMENT FINANCING

ITEMS -----	ESTIMATED COSTS (1) -----
Building Acquisition	\$2,000,000
Public Improvements	923,000
Site Preparation	1,668,000
Tenant Improvements / Relocation	100,000
Architect & Engineer	61,600
Other Professional Fees	300,000
City Administration Expenses	100,000
Financing Expenses	1,117,100
TOTAL	----- \$6,269,700

(1) The cost figures mentioned above are intended to provide an estimate as to project costs. Line items amounts may vary and amounts shown may be shifted from one category to another.

Source: First National Realty & Development Company, Inc.

to the increment fund include the following five taxes: Municipal Retailer Occupation Tax, Municipal Service Occupation Tax, Retailer Occupation Tax, Use Tax and Service Use Tax.

As shown on Exhibit 2 on the following page the last current 1985 equalized assessed valuation and property tax revenue for the Chatham Ridge Redevelopment Area are approximately \$1,302,119 and \$126,554, respectively. The assessed valuation and property tax revenue for the Project Site are approximately \$850,096 and \$82,622, respectively, which represents 65% of the Redevelopment Area's equalized assessed valuation and its real property taxes. The prospective estimate of equalized assessed valuation after redevelopment of the Chatham Ridge Project Site is approximately \$5,713,000 during the shopping center's first full year of operation (see Appendix B).

The total amount of sales tax and real estate tax revenue available to service the tax increment bonds is estimated in Appendix B and shown on page 27 as Exhibit 3. The sales tax revenue will be used exclusively for the development of the Chatham Ridge Redevelopment Area. The Project Site would not reasonably be developed without the use of such incremental revenue. Any excess tax revenue not required for payment of the bond debt service costs and redevelopment project costs may be used for early repayment of debt or be distributed to the public taxing entities.

EXHIBIT 2

CHATHAM RIDGE REDEVELOPMENT AREA
1985 EQUALIZED ASSESSED VALUATION AND
REAL PROPERTY TAXES

<u>Property identification number</u>	<u>Equalized assessed valuation</u>	<u>Real property taxes</u>
20-33-305-004	Exempt	
-005	\$ 1,374	\$ 134
-006	6,753	656
-010	3,608	351
-012	Exempt	
-013	Exempt	
-018	(1)	(1)
-022	39,170	3,807
-024	9,522	925
-025	12,535	1,218
-026	(3)	(3)
-027	112,820	10,965
-028	Railroad (2)	
-029	106,635	10,364
-030	159,606	15,512
20-33-411-013	634,930	61,709
-014	Railroad (2)	
-021	79,151	7,693
-022	45,936	4,465
-028(4)	90,079	8,755
	<u>\$1,302,119</u>	<u>\$126,554</u>

- (1) Only a small vacant portion of this tax parcel is included in the Redevelopment Area. It is assumed that the assessed valuation and property taxes for this parcel flow to the developed portion of the parcel and not the Redevelopment Area.
- (2) Taxes/payments in lieu predicated on value of property in whole State and allocated to various jurisdictions. It is not possible to ascertain taxes on railroad property at this time.
- (3) Not meaningful. Data not available from Assessor.
- (4) Only part of this tax parcel is in the Redevelopment Area. Equalized assessed valuation and property tax revenues as shown have been apportioned on the basis of land area.

Source: Cook County Assessor's Office.

EXHIBIT 3
CHATHAM RIDGE PROJECT SITE
ANALYSIS OF INCREMENTAL TAX REVENUE

	INCREMENTAL REAL ESTATE TAX REVENUE (1)	INCREMENTAL SALES TAX REVENUE (1)	TOTAL T.I.F. REVENUE

1987	0	0	0
1988	(13,100)	0	(13,100)
1989	393,200	514,666	907,866
1990	583,800	1,082,390	1,666,190
1991	617,500	1,136,510	1,754,010
1992	653,000	1,193,336	1,846,336
1993	685,650	1,253,002	1,938,652
1994	719,933	1,315,652	2,035,585
1995	755,930	1,381,435	2,137,365
1996	793,727	1,450,507	2,244,234
1997	833,413	1,523,032	2,356,445
1998	875,084	1,599,184	2,474,268
1999	918,838	1,679,143	2,597,981
2000	964,780	1,763,100	2,727,880
2001	1,013,019	1,851,255	2,864,274
2002	1,063,670	1,943,818	3,007,488
2003	1,116,854	2,041,009	3,157,863
2004	1,172,697	2,143,059	3,315,756
2005	1,231,332	2,250,212	3,481,544
2006	1,292,899	2,362,723	3,655,622
2007	1,357,544	2,480,859	3,838,403

(1) There is a one year lag between the accrued incremental real estate and sales tax revenues shown in Appendix B, Exhibits 3 and C, and when the revenues become available to service obligations, as shown above.

(2) A 5% annual inflation rate is assumed.

Source: Laventhol & Horwath, See Appendix B for explanation.

Nature and Term of Obligations to be Issued

Tax increment revenue obligations may be issued pursuant to the Act for a term not to exceed 20 years. One or more series of obligations may be issued from time to time in order to implement the redevelopment plan. All obligations are to be covered after issuance by projected and actual tax increment revenues and by such debt service reserves and sinking funds as may be provided by ordinance. The terms and conditions of the obligations will depend upon many factors, including recent financial market conditions and its perceived level of risk in the real estate project. Revenues not required for the retirement of obligations providing for reserves, sinking funds and payment of redevelopment project costs are to be declared surplus and become available for distribution annually to the taxing districts in the redevelopment area in the manner provided by the Act.

Such securities may be issued on either a taxable or tax-exempt basis with either fixed rate or floating interest rates; with or without floating interest rates, with or without capitalized interest, with or without interest rate limits, and with or without redemption provisions.

Provisions for Amendment

The Redevelopment Plan and Project may be amended in accordance with the terms of the Act.

Completion of Redevelopment Project and
Retirement of Obligations to Finance
Redevelopment Costs

The redevelopment of the Chatham Ridge Redevelopment Area will be completed and all obligations issued to finance redevelopment project costs will be retired no later than December 1, 2009. Pursuant to this plan, the bonds will mature no later than 23 years from the adoption of the ordinance approving the redevelopment of the Chatham Ridge Redevelopment Area. Construction activities for the Chatham Ridge Project Site are expected to be completed in four years. Obligations may be retired within less than ten years, depending on the incremental real property and sales tax yield.

APPENDIX A

LEGAL DESCRIPTION OF REDEVELOPMENT AREA

PARCEL I

THAT PART OF THE SOUTH 35.00 ACRES (EXCEPT THE EAST 304 FEET AS MEASURED AT RIGHT ANGLES TO THE EAST LINE THEREOF) OF THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS, LYING SOUTH OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A POINT IN THE EAST LINE OF THE AFORESAID SOUTH EAST 1/4 THAT IS 629.10 FEET NORTH OF THE SOUTH EAST CORNER OF THE AFORESAID SECTION 33; THENCE WEST IN A LINE PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTH EAST 1/4 (BEING THE NORTH LINE OF THE SOUTH 300 FEET OF THE NORTH 25.00 ACRES OF THE SAID SOUTH 35 ACRES) TO A POINT THAT IS 450.00 FEET EAST OF THE WEST LINE OF THE AFORESAID EAST HALF OF THE SOUTH EAST 1/4; THENCE NORTH ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE A DISTANCE OF 51.5 FEET; THENCE WEST ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE AND PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTH EAST 1/4 A DISTANCE OF 450.00 FEET MORE OR LESS TO THE WEST LINE OF THE EAST 1/2 OF THE SOUTHEAST QUARTER OF SAID SECTION 33, INCLUDING THAT PART FALLING IN WEST 87TH STREET.

PARCEL II

THAT PART OF THE NORTHEAST QUARTER AND THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS LYING NORTHERLY OF THE SOUTHERLY LINE, AND SAID SOUTHERLY LINE EXTENDED, OF WEST 87TH STREET, WEST OF A LINE 304 FEET (MEASURED AT RIGHT ANGLES THERETO) WEST OF THE EAST LINE OF SAID NORTHEAST 1/4 SECTION AND EAST OF THE WEST LINE OF PARNELL AVENUE.

PARCEL III

THAT PART OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS LYING SOUTH OF THE SOUTH LINE, AND SAID SOUTH LINE EXTENDED WEST, OF LOTS 4 AND 14 IN SEYMOUR ESTATE SUBDIVISION (A SUBDIVISION OF THE WEST 1/2 OF THE SAID SOUTHEAST QUARTER) AND INCLUDING 87TH STREET AND HOLLAND ROAD FALLING WITHIN, EXCEPTING THEREFROM THAT PORTION OF THE ABOVE DESCRIBED LAND LYING SOUTH AND ADJOINING LOTS 4 AND 14 IN SAID SEYMOUR ESTATE SUBDIVISION BOUNDED AS FOLLOWS: COMMENCING ON A POINT ON THE CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY, WHICH POINT IS ALSO ON

THE SOUTHERLY LINE OF SAID LOT 4, EXTENDED WESTERLY THENCE EASTERLY ALONG SAID EXTENDED LINE AND THE SOUTHERLY LINES OF SAID LOTS 4 AND 14, 815 FEET, MORE OR LESS; THENCE SOUTHERLY AT RIGHT ANGLES TO THE LAST DESCRIBED LINE 125 FEET, MORE OR LESS; THENCE WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY LINE OF SAID LOTS 4 AND 14, A DISTANCE OF 500 FEET; THENCE SOUTHERLY ON A LINE AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, A DISTANCE OF 625.00 FEET; THENCE WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY LINE OF SAID LOTS 4 AND 14, 312.50 FEET MORE OR LESS TO A POINT ON THE EASTERLY BOUNDARY LINE OF THE C&W.I. RAILROAD RIGHT-OF-WAY; THENCE NORTHWESTERLY ALONG SAID LINE UNTIL INTERSECTING WITH THE LINE OF THE CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY; THENCE NORTHERLY UNTIL REACHING THE POINT OF BEGINNING.

PARCEL IV

THAT PART OF THE EAST 1/2 OF THE WEST 1/2 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS LYING SOUTHWESTERLY OF THE NORTHERLY LINE OF 83RD STREET, AND SAID NORTHERLY LINE EXTENDED NORTHWESTERLY TO THE WESTERLY LINE OF VINCENNES AVENUE AND SOUTHEASTERLY OF THE WESTERLY LINE OF VINCENNES AVENUE, (EXCEPTING THEREOF THOSE PARTS FALLING IN BLOCKS 1 AND 3 OF WILLIAM O. COLES'S SOUTH ENGLEWOOD PARK SUBDIVISION, A SUBDIVISION OF THAT PART OF SOUTH ENGLEWOOD KNOWN ON THE ORIGINAL PLAT AS STEVEN A. NEWMAN'S PRIVATE GROUNDS IN THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION RECORDED SEPTEMBER 11, 1873, BOOK 5, PAGE 99 AND BLOCK 17 OF THE PLAT OF PART OF SOUTH ENGLEWOOD, A SUBDIVISION OF THAT PORTION OF SAID SECTION, WHICH LIES WEST AND SOUTHWEST OF HOLLAND SETTLEMENT ROAD AND SOUTH AND SOUTHEAST OF VINCENNES AVENUE AND EAST OF THE CENTER LINE OF THE C.R.I. & P.R.R. RECORDED JANUARY 16, 1873, BOOK 3, PAGE 80, AND THOSE PARTS OF 85TH STREET, 86TH STREET AND 87TH STREET WHICH LIE WEST OF THE WEST LINE, AND SAID WEST LINE EXTENDED, OF PARNELL AVENUE), INCLUDING THOSE PARTS FALLING IN 83RD STREET, 84TH STREET, 87TH STREET AND VINCENNES AVENUE, AND INCLUDING ALL THOSE OTHER STREETS AND ALLEYS, DEDICATED OR OTHERWISE, FALLING WITHIN SAID LAND OR WHICH MAY REVERT TO THE PUBLIC IN THE FUTURE; BUT EXCEPTING THEREFROM THE PARCEL OF LAND BOUNDED AS FOLLOWS: BY THE EASTERLY BOUNDARY LINE OF THE C&W.I. RAILROAD RIGHT-OF-WAY, THE NORTHERLY LINE OF SOUTH VINCENNES AVENUE, THE NORTHERLY LINE OF WEST 83RD STREET AND THE WESTERLY LINE OF SOUTH STEWART AVENUE, (CONSISTING OF APPROXIMATELY 8.2206 ACRES, MORE OR LESS).

APPENDIX B

EXHIBIT C
 CHATHAM RIDGE PROJECT SITE
 ESTIMATED REAL ESTATE TAX REVENUE
 AND INCREMENTAL REVENUE AVAILABLE FOR
 TAX INCREMENT FINANCING

	1987	1988	1989	1990	1991
	-----	-----	-----	-----	-----
Estimated RE Tax Revenue Collected From New Development		376,300	674,900	708,600	744,100
Plus Construction Period RE Tax Revenue	78,000	108,000	0	0	0
Equals Total RE Tax Revenue	78,000	484,300	674,900	708,600	744,100
Existing RE Tax Revenue Base	91,100	91,100	91,100	91,100	91,100
Incremental RE Tax Revenue	(\$13,100)	\$393,200	\$583,800	\$617,500	\$653,000
	*****	*****	*****	*****	*****

- Notes: (1) Tax revenue is assumed to increase 5% annually.
 (2) There are only 6 months of operation assumed in 1988 during which an average occupancy of 90% is assumed.
 (3) The tax revenue base is fixed unless the tax rate increases.

APPENDIX B
 EXHIBIT A
 CHATHAM RIDGE PROJECT SITE
 ESTIMATED ANNUAL SALES VOLUME PER SQUARE FOOT
 FOR THE FIRST TWO YEARS

	STORE TYPE (1)	SQUARE FEET (1)	ANNUAL SALES VOLUME PER SQUARE FOOT (2)	
			1988	1989
Tenant A	Fast Food	2,250	\$170	\$179
Tenant B	Fast Food	3,000	170	179
Tenant C	Fast Food	3,000	170	179
Tenant E	Small	17,400	145	152
Tenant F	Grocery	74,550	310	326
Tenant G	Paint	10,800	115	121
Tenant H	Appliance	24,950	125	131
Tenant J	Drug	13,000	150	158
Tenant K	Toy	36,792	90	95
TOTAL		185,742		

(1) Store mix and store size information was provided by First National Realty.

(2) Sales volumes are based on an industry trade publication, "Dollars and Cents of Shopping Centers", which provides sales statistics by shopping center size and by store type. A five percent inflation rate is assumed in the annual sales estimates after 1988. There are only six months of operation in 1988.

APPENDIX B

EXHIBIT B
CHATHAM RIDGE PROJECT SITE
ESTIMATED SALES VOLUME AND TAX REVENUE FOR
TAX INCREMENT FINANCING

	1988	1989	1990	1991	1992
Tenant A	\$191,250	\$402,750	\$422,888	\$444,032	\$466,233
Tenant B	255,000	537,000	563,850	592,043	621,645
Tenant C	255,000	537,000	563,850	592,043	621,645
Tenant E	1,261,500	2,644,800	2,777,040	2,915,892	3,061,687
Tenant F	11,555,250	24,303,300	25,518,465	26,794,388	28,134,108
Tenant G	621,000	1,306,800	1,372,140	1,440,747	1,512,784
Tenant H	1,559,375	3,268,450	3,431,873	3,603,466	3,783,639
Tenant J	975,000	2,054,000	2,156,700	2,264,535	2,377,762
Tenant K	1,655,640	3,495,240	3,670,002	3,853,502	4,046,177
Total Sales	\$18,329,015	\$38,549,340	\$40,476,807	\$42,500,647	\$44,625,680
Food and Drug Sales (1)	11,701,500	24,611,400	25,841,970	27,134,069	28,490,772
Sales Tax Revenue at 1%	117,015	246,114	258,420	271,341	284,908
All Other Sales	6,627,515	13,937,940	14,634,837	15,366,578	16,134,908
Sales Tax Revenue at 6%	397,651	836,276	878,090	921,995	968,094
Total Sales Tax Revenue (2)	\$514,666	\$1,082,390	\$1,136,510	\$1,193,336	\$1,253,002

(1) This category equals all sales for Tenant F (grocery) and 15% of sales for Tenant J (drug).

(2) The entire sales tax revenue shown above is assumed to be available for funding T.I.F. bonds.