
1997 Annual Report

Michigan/Cermak Redevelopment Project Area



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

June 30, 1998



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Christopher R. Hill
Commissioner

121 North LaSalle Street
Chicago, Illinois 60602
(312) 744-4190
(312) 744-2271 (FAX)
<http://www.ci.chi.il.us>

June 30, 1998

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 Michigan/Cermak Redevelopment Project Area, along with 43 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, 1998

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 Michigan/Cermak 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. 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

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

TABLE OF CONTENTS

ANNUAL REPORT - MICHIGAN/CERMAK REDEVELOPMENT 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.....	5
(b) DATE OF DESIGNATION AND TERMINATION	6
(c) COPY OF REDEVELOPMENT PLAN.....	6
(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS.....	6
(e) DESCRIPTION OF TIF PROJECT(S)	7
(f) DESCRIPTION OF TIF DEBT INSTRUMENTS	8
(g) DESCRIPTION OF CITY CONTRACTS	9
(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY	10
(i) DESCRIPTION OF PROPERTY TRANSACTIONS.....	11
(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER.....	12
(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS.....	13
(l) CERTAIN CONTRACTS OF TIF CONSULTANTS.....	15
(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTANT	16
ATTACHMENT - REDEVELOPMENT PLAN.....	17

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

Purpose of Report:

The purpose of the Annual Report for the Michigan/Cermak Redevelopment Project Area (Report) is to provide useful information to interested parties regarding the City of Chicago's (City) tax increment financing (TIF) districts in existence on December 31, 1997, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the Michigan/Cermak 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. Except to the extent that Section (h) also describes completed projects, the Report reflects only TIF economic activity during 1997. As outlined below, several assumptions were made concerning certain required information.

(a) General Description

The general boundaries of the Project Area were described and illustrated in a map. However, in order to provide ease of reading, only major boundary streets were 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.

(d) Description of Intergovernmental and Redevelopment Agreements

Agreements related to the Project Area are either intergovernmental agreements between the City and another public entity or redevelopment agreements between the City and private sector

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

entities interested in redeveloping all or a portion of the Project Area. The date of recording of Agreements with the Cook County Recorder of Deeds is included in Section (d) (if applicable).

(e) Description of TIF Project(s)

Section (e) describes each TIF project in the Project Area that has already received approval by the Community Development Commission. The amount budgeted for project costs and the estimated timetable were obtained from the Project Area's intergovernmental or redevelopment agreement, if such agreements exist. City tax increment project expenditures during 1997, tax increment project expenditures to date, and a description of all TIF financing was included in Section (e). This Report covers only those projects already approved by the Community Development Commission as of December 31, 1997, and which received TIF financing during 1997. 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.

(f) Description of all TIF Debt Instruments

Descriptions of all TIF debt instruments in Section (f) were obtained from the City. 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 were not included in Section (f). Such instruments do not qualify as TIF debt instruments as defined by the Executive Order.

(g) Description of City Contracts

Section (g) provides a description of City contracts paid with incremental property tax revenues in 1997. For purposes of the Report, "prior calendar year" as defined in the Executive Order means 1997. Section (g) does not cover payments for services related to TIF projects previously reported in Section (e).

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 an 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. Section (g) does not report such non-contractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts may include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(h) Summary of Private and Public Investment Activity

Section (h) describes each TIF project in the Project Area that has an executed intergovernmental or redevelopment agreement as of December 31, 1997, or that has been approved by the Community Development Commission as of December 31, 1997.

The investment activity reported is based on data for projects described in the intergovernmental or redevelopment agreements and any additional data available to the Commissioner of Planning and Development. Private and public investments are estimated in Section (h) on a completed project basis. The Report contains only the final ratio of private/private investment for each TIF project. 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 Section (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.

(j) Financial Summary Prepared by the City Comptroller

Section (j) provides a 1997 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.

(k) Description of Tax Receipts and Assessment Increments

Information concerning 1997 tax receipts and assessments associated with the Project Area is provided in Section (k). 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.

(l) Certain Contracts of TIF Consultants

Section (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 any entity that has received or is currently receiving payments financed by tax increment revenues from the Project Area. The contents of Section (l) are based on responses to a mail survey. This survey was sent to every

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

consultant who has prepared at least one redevelopment plan for the establishment of a redevelopment project area within the City, as of December 31, 1997.

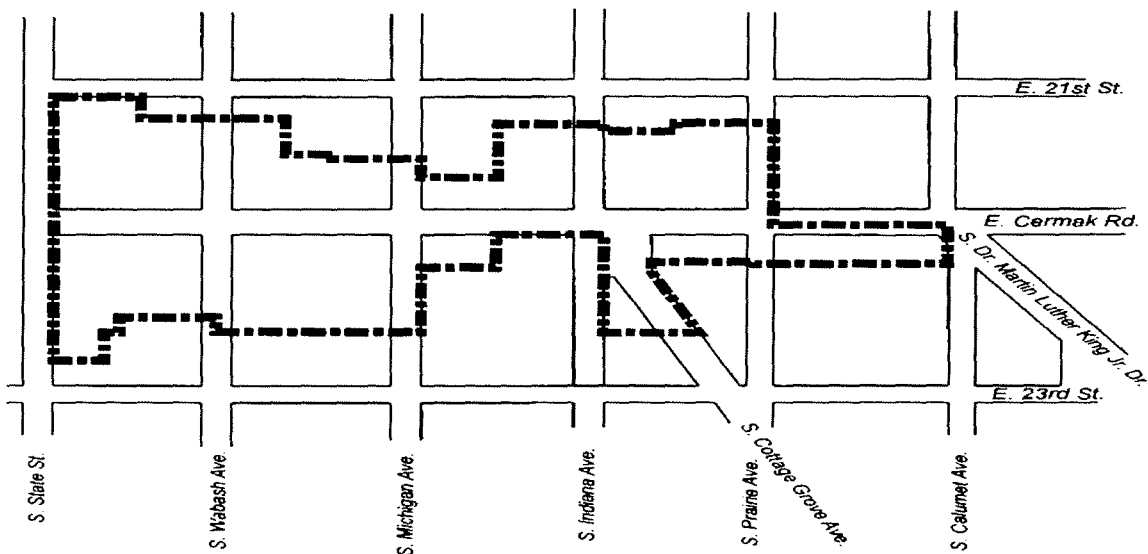
(m) Compliance Statement Prepared by an Independent Public Accountant

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.

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(a) GENERAL DESCRIPTION

The Project Area is located in the Near South Area in the City of Chicago. The Project Area is generally bounded along the north and south sides of East Cermak Road extending from the intersection of State Street and Cermak Road to the southeast corner of the intersection of South Calumet Avenue and South Martin Luther King Jr. Drive. 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).



Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council on September 13, 1989. The Project Area may be terminated no later than September 13, 2012.

(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

Information pertaining to executed intergovernmental and redevelopment agreements is contained in Section (d) (if applicable). A description of intergovernmental and redevelopment agreements executed in connection with the Project Area, naming parties, dates of authorization by the City Council, dates of execution, and dates of recording in the office of the Cook County Recorder of Deeds (if applicable), is included. **During 1997, no such agreements existed for the Project Area.**

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(e) DESCRIPTION OF TIF PROJECT(S)

Section (e) contains the required information as outlined in the Executive Order about each TIF project which has received TIF financing during the most recently concluded prior calendar year (1997). A description of each TIF project approved by the Community Development Commission or currently under way within the Project Area is included in Section (e). The section 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 financings, including type, date, terms, amount, project recipient, and purpose of project financing.

During 1997, there were no tax increment project expenditures for the Project Area. Therefore, no information was provided for this section.

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(f) DESCRIPTION OF TIF DEBT INSTRUMENTS

Section (f) contains TIF debt information for the Project Area as outlined in the Executive Order:

- 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 (1997);
- 5) the amount of principal paid from tax increment during the prior calendar year (1997).

As of December 31, 1997, there were no TIF debt instruments outstanding for the Project Area.

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(g) DESCRIPTION OF CITY CONTRACTS

The following Table G provides the required information as outlined in the Executive Order pertaining to City contracts related to the Project Area. The section contains a description of each City contract related to the Project Area and executed or in effect during the prior calendar year. In addition, the date, names of all contracting parties, purpose, amount of compensation, and percentage of compensation paid is included in the table. This Section (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. Section (g) does not report such non-contractual cost items as Recorder of Deeds filing fees, postage, telephone service, etc. City contracts may include term agreements which are city-wide, multi-year contracts that provide goods or services for various City departments.

TABLE G
DESCRIPTION OF CITY CONTRACTS RELATED TO THE PROJECT AREA

<u>CONTRACTING PARTIES WITH THE CITY OF CHICAGO</u>	<u>DATE OF EXECUTION</u>	<u>PURPOSE</u>	<u>AMOUNT OF COMPENSATION PAID IN 1997</u>	<u>PERCENT OF COMPENSATION PAID TO DATE</u>
S.B. Friedman & Co.	Term Agreement	Cost of Studies	\$4,372	100%
Ciorba Group	Term Agreement	Wabash Ave. Reconstruction	\$5,665	100%
Bigane Paving	1997	Wabash Ave. Reconstruction	\$49,742	93%
City TIF Program Administration	1997	Cost of Implementation and Administration	\$5,554	100%

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

Section (h) provides the required information as outlined in the Executive Order pertaining to private investment activity, job creation, job retention, and the ratio of private to public investment. It describes each TIF project in the Project Area that has an executed intergovernmental or redevelopment agreement as of December 31, 1997, or that has been approved by the Community Development Commission as of December 31, 1997.

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.

The Report contains only 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.

During 1997, there was no information available regarding private or public investment activity in the Project Area.

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(i) DESCRIPTION OF PROPERTY TRANSACTIONS

The Executive Order requires information pertaining to property transactions occurring within the Project Area, 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 TIF area during the prior calendar year (1997):

- 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;
- 4) every lease of real property by the City to any other person as part of the redevelopment plan for the 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.

As mentioned above, the Executive Order requires reporting of property transactions occurring within the Project Area, 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. **However, the City did not take or divest title to real property within the Project Area during 1997. Additionally, the City was not a lessor or lessee of real property within the Project Area during 1997.**

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

The audited financial statements provide the required information as outlined in the Executive Order pertaining to financial aspects of the Special Tax Allocation Fund for the Project Area. 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.

CITY OF CHICAGO, ILLINOIS
MICHIGAN-CERMAK
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 1997

CITY OF CHICAGO, ILLINOIS

MICHIGAN-CERMAK REDEVELOPMENT PROJECT

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1
Balance sheet	2
Statement of revenues, expenditures and changes in fund balance	3
Notes to financial statements	4-5
SUPPLEMENTARY INFORMATION	
Schedule of cash activities	6
Schedule of expenditures by statutory code	7

BANSLEY 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 sheet of the Michigan-Cermak Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1997, and the related statement of revenues, expenditures and changes in fund balance for the year 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 audit.

We conducted our audit 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 audit provides 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 Michigan-Cermak Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1997, and the results of its operations and changes in fund balance for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of cash activities on page 6 and the schedule of expenditures by statutory code on page 7, 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 Michigan-Cermak 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.

Bansley and Kiener, L.L.P.

Certified Public Accountants

April 13, 1998

CITY OF CHICAGO, ILLINOIS
MICHIGAN-CERMAK REDEVELOPMENT PROJECT

BALANCE SHEET
DECEMBER 31, 1997

A S S E T S

Cash and investments	\$572,711
Property taxes receivable	217,679
Accrued interest receivable	<u>10,260</u>
Total assets	<u>\$800,650</u>

LIABILITIES AND FUND BALANCE

Due to other City funds	\$ 5,553
Vouchers payable	10,038
Deferred revenue	<u>210,830</u>
Total liabilities	226,421
Fund balance	<u>574,229</u>
Total liabilities and fund balance	<u>\$800,650</u>

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

CITY OF CHICAGO, ILLINOIS
MICHIGAN-CERMAK REDEVELOPMENT PROJECT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 1997

Revenues	
Property tax	\$173,246
Interest	<u>26,247</u>
Total revenues	199,493
Expenditures	
Capital projects	<u>65,333</u>
Revenues over expenditures	134,160
Fund balance, beginning of year	<u>440,069</u>
Fund balance, end of year	<u>\$574,229</u>

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

CITY OF CHICAGO, ILLINOIS
MICHIGAN-CERMAK REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The Michigan-Cermak Tax Increment Redevelopment Project Area (Project) was established in September 1989. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer 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.

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
MICHIGAN-CERMAK 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. Investments are stated at cost or amortized cost, which approximates market value.

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.

Note 2 - Commitments

As of December 31, 1997 the Project has entered into contracts for approximately \$80,000 for services and construction projects.

SUPPLEMENTARY INFORMATION

SCHEDULE OF CASH ACTIVITIES
YEAR ENDED DECEMBER 31, 1997

Cash flows from operating activities	
Property taxes received	\$168,840
Payments for capital projects	(49,743)
Interest received	<u>21,873</u>
Increase in cash and investments	140,970
Cash and investments, beginning of year	<u>431,741</u>
Cash and investments, end of year	<u>\$572,711</u>
Reconciliation of revenues over expenditures to net cash provided by operating activities	
Revenues over expenditures	\$134,160
Adjustments to reconcile revenues over expenditures to net cash provided by operating activities	
Changes in assets - (increase)	
Property tax receivable	(17,076)
Accrued interest receivable	(4,374)
Changes in liabilities - increase	
Due to other City funds	5,553
Vouchers payable	10,037
Deferred revenue	<u>12,670</u>
	<u>\$140,970</u>

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

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	\$ 9,925
Costs of the construction of public works or improvements	<u>55,408</u>
	<u>\$65,333</u>

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

The following 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. The table 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;
- 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) of this Section (k).

All terms used in Section (k) relating to increment amounts and assessed value are construed as in Section 9 of the Illinois Tax Increment Allocation and Redevelopment Act or the Illinois Industrial Jobs Recovery Law.

**Michigan/Cermak Redevelopment Project Area
1997 Annual Report**

**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 1996 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1996</u>
1997	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)	\$5,797,051	\$6,925,207	\$154,896

(1) N.A. - not applicable.

**Michigan/Cermak Redevelopment Project Area
1997 Annual Report**

(I) 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 any entity that has 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, as of December 31, 1997. 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.

**TABLE L
DESCRIPTION OF EXTERNAL CONTRACTS RELATED TO THE AREA - CITY TIF CONSULTANTS**

NAME OF CITY TIF CONSULTANT OR ADVISOR	CLIENT RECEIVING TIF ASSISTANCE	NATURE OF SERVICE PROVIDED TO CLIENT
Kane, McKenna & Assoc.	None	N.A. (1)

(1) N.A. - not applicable

Michigan/Cermak Redevelopment Project Area 1997 Annual Report

(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTANT

For the Project Area's Special Tax Allocation Fund, this Report provides a certified audit report reviewing compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate. The audit was performed by an independent public accountant, certified and licensed by the State of Illinois, and in accordance with generally accepted auditing standards established by the American Institute of Certified Public Accountants. The Report contains a statement from the accountant indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois Industrial Jobs Recovery Law, as appropriate.

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

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

Established 1922

MANAGEMENT ADVISORY SERVICES

TIMOTHY R. MULCAHY
DAVID W. RICHMOND

125 SOUTH WACKER DRIVE CHICAGO, ILLINOIS 60606-4496 312/263-2700 FAX: 312/263-6935

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 Michigan-Cermak Redevelopment Project of the City of Chicago, Illinois as of December 31, 1997, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated April 13, 1998.

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 Michigan-Cermak 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

April 13, 1998

**Michigan/Cermak Redevelopment Project Area
1997 Annual Report**

**ATTACHMENT
REDEVELOPMENT PLAN**

CITY OF CHICAGO,

ILLINOIS

TAX INCREMENT REDEVELOPMENT AREA (TIF)

MICHIGAN/CERMAK TIF REDEVELOPMENT PLAN AND PROJECT

JULY, 1989

Prepared For:

City of Chicago Department of Economic Development

TABLE OF CONTENTS

	<u>Subject</u>	<u>Page</u>
I.	Introduction and Background	1
II.	Redevelopment Project Area Legal Description.	6
III.	Blighted Area Conditions Existing in the Redevelopment Project Area	7
IV.	Redevelopment Project Area Goals and Objectives.	8
V.	Redevelopment Project.	10
	A. Redevelopment Plan and Project Goals and Objectives	10
	B. General Land Use Plan	10
	C. Redevelopment Program	11
	D. Estimated Redevelopment Project Costs - Phase 1 and 2.	13
	E. Sources of Funds to Pay Redevelopment Project Costs.	18
	F. Nature and Term of Obligations to be Issued	18
	G. Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area	19
	H. Anticipated Equalized Assessed Valuation.	19
VI.	Description of Component of Redevelopment Project	20
	A. Description of Redevelopment Project.	20
	B. Commitment to Fair Employment and Affirmative Action Practices	21
VII.	Scheduling of the Redevelopment Project.	22
	A. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs.	22
VIII.	Provisions for Amending the Tax Increment Redevelopment Plan and Project	23

LISTS OF TABLES AND EXHIBITS

<u>Tables</u>		<u>Page</u>
Table 1a	- Redevelopment Project - Estimated Project Costs - Phase 1	16
Table 1b	- Redevelopment Project - Estimated Project Costs - Phase 2	17

<u>Exhibits</u>	
Exhibit 1	- Legal Description
Exhibit 2	- Boundary Map
Exhibit 3	- Existing Land Use Map
Exhibit 4	- Proposed Land Use Map
Exhibit 5	- Criteria for Qualification

I. INTRODUCTION AND BACKGROUND

Background

The designation of the Michigan/Cermak Road Corridor Redevelopment Project Area will assist the City of Chicago in addressing many severe economic problems within the City's Near South Area. The redevelopment of this area is one of the primary goals of the City of Chicago.

The RPA is generally described as follows:

The frontage properties along the north and south sides of East Cermak Road extending from the intersection of State Street and East Cermak Road to the southeast corner of the intersection of South Calumet Avenue and South Martin Luther King Jr. Drive.

Current uses are mixed: industrial, commercial/service, retail, residential, and parking/storage lots. A number of vacant lots are also interspersed with the uses described above.

The Near South Area, overall, has had little or no meaningful new development or redevelopment investment by the private sector in recent years. This stagnation in private sector investment has led to the area experiencing significant deterioration of existing structures and a lack of development of underutilized and vacant properties. Accompanying these conditions has been the long-term deterioration in the area's socio-economic structure. This deterioration is evidenced by the following factors which are provided in detail in the City's Near South Development Plan, Background Report, March, 1986.

- In 1950 there were 2,875 housing units located in the area. It is significant to note that at that time all units were private market housing. By 1980, however, the number of units had decreased to 2,487 and, of those, fully 90% were Federally subsidized housing. Approximately 99% of these units were rental.
- Between 1970-80, the population in the immediate area decreased by 45%. Of the population that remained, approximately 94% was minority compared to a City-wide minority population of 40%.

- There was an almost 30% loss in the number of jobs in the area between 1972 and 1984. Also, the unemployment rate for the area traditionally runs two to three times higher than that for the City as a whole. For area youth, the difference in the unemployment rate is typically four (4) to six (6) times higher.
- In 1980, working age adults made up only 49% of the area's population compared to 61% for Chicago as a whole. Conversely, while for the City overall the population of youth 0-17 years of age was 28%, for the impacted area the rate was 42%.
- The area's per capita income in 1980 was 50% less than that for the City as a whole, which contributed to the area having a poverty level being twice that of the City as a whole (43% and 20%, respectively).
- Between 1978 and 1982 the area lost 16% of its employers with almost 280 firms leaving the area. Of the remaining firms, about one-third were manufacturing leaving the area somewhat under-representated in the retail and service jobs. (This supports the belief that the retail/service jobs that will be created by the proposed project are badly needed.)
- The area is widely characterized by poorly maintained older, commercial and industrial properties. The historic landmark Lexington Hotel, which is located just outside of the Prairie Avenue Historic District, is typical of these deteriorated conditions.

(Source: Near South Development Plan, Background Report, March, 1986)

As noted above, the RPA designation will assist the City to begin to alleviate many of these problems.

In past years, the RPA has experienced almost total economic isolation from nearby McCormick Place, as well as the many amenities of the lakefront. Also, in the past, the natural retail and service market draw the area should have been experiencing, by virtue of being adjacent to the area's major assets, including the Chicago Loop, has been severely abated by significant manmade barriers in the form of acres of railroad yards and transportation systems like Lake Shore Drive and

Stevenson Expressway. Today, the railroad yards lie underutilized, but the area is poised for large scale development. The key transportation systems promise to offer outstanding access into the Near South Loop Area. Yet, in spite of these potential advantages, the area remains very difficult to develop. For example, the proposed Central Station project, to the east of the RPA, by location, is closer to the lakefront and Lake Shore Drive. As a result, the market area and market perception are different in comparison to properties located further west along Cermak Road.

In addition to the investment and job generation, the RPA offers the City an opportunity to encourage additional private sector investment and job creation in the impacted area. Recently established long-term plans by the City identify the attraction of hotels, retail, and commercial development along the Michigan/Cermak corridor as a much needed strategy to help revitalize the area.

As indicated by the demographic data supplied above, the impacted area has a high proportion of minority and low-moderate income population. The permanent jobs that would be created by the proposed redevelopment projects would be of primary benefit to the area's residents.

One of the fastest growing business sectors in the Near South Side is the convention/trade show and exhibition support industry related to the McCormick Place Complex. The expansion of the Complex, through the construction of the Annex was designed to improve scheduling patterns and increase convention/trade show events. The Near South area is well served by CTA bus and rapid transit lines. Important arterials such as Cermak Avenue and Michigan Avenue along with State Street, Clark Street, and Indiana Avenue generally serve the RPA. In addition, Lake Shore Drive is nearby as well as convenient access to the Stevenson Expressway and the Dan Ryan Expressway. Commuter rail service is nearby located at 18th Street and 23rd Street. Meigs Field, a general aviation airport, serves small businesses and personal planes, with executives, legislators and other officials using commuter flights to Springfield of events located at the McCormick Place Complex. Meigs Field is conveniently located near East Cermak Road. The Prairie Avenue Historic District is also located nearby.

Notwithstanding the transportation and geographic advantages described above, the RPA has not been subject to redevelopment. The general condition of the structures along Cermak Avenue east towards McCormick Place and along Michigan Avenue is poor.

The former Lexington Hotel, located at an important entry point on the corridor, has been vacant for several years, and the condition of the structure has depreciated over the years due to weather damage, vandalism, and lack of maintenance. The Lexington Hotel is an historic structure (a City landmark), offering certain architectural features, as well as local tradition, that enhance its unique characteristics. The site is well located at the Cermak Road and Michigan Avenue intersection, and is well situated to service the McCormick Place Complex.

Redevelopment Plan

The RPA as constituted would be difficult to develop solely through investment by private enterprise. It is not reasonable to anticipate substantial reuse of sites within the RPA without the adoption of a redevelopment plan that addresses the characteristics of the properties, while providing a practical method for financing the redevelopment project. The City has prepared this redevelopment plan to address its needs and meet its redevelopment goals and objectives relating to the RPA through the use of tax increment financing.

The RPA has not been subject to redevelopment through investment by private enterprise and it is not reasonably anticipated to be developed in a comprehensive manner without the adoption of a Redevelopment Plan and Project.

The City recognizes the need for implementation of various strategies to overcome existing area conditions and lack of competitiveness with other City or suburban locations. The needed public investment will be possible only if tax increment financing is adopted pursuant to the terms of the Tax Increment Allocation Redevelopment Act, Illinois Rev. Stat., Section 11-74.4-3 (the "Act"). Incremental real estate tax revenue generated by the RPA will play a decisive role in encouraging private development.

Existing site conditions that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan and Project, the City will serve as the central force for marshalling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Redevelopment Plan and Project will benefit the City and all the taxing districts which are included in the RPA in the form of a significant expansion of the real estate tax base and employment base. The Redevelopment Plan and Project will serve to create new jobs within the City and thereby reduce unemployment within taxing districts which cover all or part of the RPA.

On July 18, 1989, the City of Chicago's Commercial District Commission adopted a resolution authorizing a Public Hearing to use Tax Increment Financing ("TIF") for the redevelopment of the area legally described herein in Exhibit 1 and outlined on the map in Exhibit 2. Redevelopment of the TIF area is tenable only if a portion of the public improvements are funded by TIF.

The adoption of this Redevelopment Plan and Project makes possible the implementation of a comprehensive program for the economic redevelopment of the proposed RPA. By means of public investment, the RPA will become an improved, more viable environment that will attract private investment. The public investment will set the stage for the redevelopment of the area with private capital.

Pursuant to the requirements of the Act, the RPA includes only those contiguous parcels of real property and improvements thereon which are substantially benefitted by the redevelopment plan and project. Also in accordance with the Act, the RPA is not less than 1 1/2 acres in the aggregate.

Redevelopment Plan Implementation

The City will encourage and consider proposals for facilities and structures of all types and character provided that such proposals meet the zoning classification (as revised from time to time) and are consistent with other City ordinances and overall goals, including the goals of this Plan.

The City is open to the type and class of employees that are reasonably employed by the type and character of facilities that it ultimately approves. Based upon the initiation of the first phase of redevelopment of this Plan, the City anticipates that approximately 570 new employees will be employed within the RPA after completion of this first phase. First source hiring policies will be favored as well as conformance to City EEO and Affirmative Action policies. Relevant City, State, and Federal job training programs will be utilized as appropriate to facilitate the employment and training of community residents to the fullest extent practicable.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The legal description is included in Exhibit 1.

III. BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Findings

The Redevelopment Project Area was studied to determine its qualifications as a "blighted area" as such term is defined in the Act. A description of the qualification factors is found in Exhibit 5. In summary, the following factors were found within the RPA: age, obsolescence, depreciation of physical maintenance, inadequate utilities, deleterious land use or layout, lack of community planning, deterioration, excessive vacancies, and structures below minimum code standards.

Eligibility Survey

The entire designated Redevelopment Project Area was evaluated by the City and Kane, McKenna and Associates, Inc. in July, 1989.

IV. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in accordance with the City's zoning ordinance and comprehensive plan. The Redevelopment Plan and Project also conform to the Near South Development Plan for the development of the area as a whole.

General Goals of the Redevelopment Plan

- 1) Provide jobs and potential business opportunities for community and City residents in accordance with the City's Affirmative Action goals;
- 2) Strengthen the existing business community within the area;
- 3) Remove obsolete and substandard structures which exert a blighting influence on the community;
- 4) Retain and upgrade sound buildings compatible with the redevelopment plan;
- 5) Identify and attract new business growth to the Michigan/Cermak Road corridor that will capitalize on its inherent strengths;
- 6) Improve the physical environment of the RPA in order to make the area more attractive for new business location and expansion; and
- 7) Develop "anchor" projects that encourage commercial and related mixed use development along the East Cermak Road corridor.

Specific Goals of the Redevelopment Plan

- 1) Create new job opportunities for community residents and City residents utilizing first source hiring programs and appropriate job training programs.
- 2) Rehabilitate key structures at critical locations within the RPA in order to encourage market momentum;
- 3) Link East Cermak Road redevelopment uses with the McCormick Place Complex uses, in ways that are compatible and supportive with the overall RPA growth;

- 4) Attract new commercial businesses;
- 5) Increase the number of public/private development partnerships;
- 6) Preserve and expand the tax base; and
- 7) Support the expansion of viable existing businesses that are consistent with the overall character of redevelopment.

Redevelopment Objectives

The purpose of the RPA designation will allow the City to

- a) Coordinate redevelopment activities within an important core area in order to provide a positive marketplace signal;
- b) Reduce or eliminate blighted area factors present within the area; and
- c) Accomplish redevelopment over a reasonable time period.

The Redevelopment Project's implementation will serve to improve the physical appearance of the entire Michigan/Cermak corridor and contribute to the economic development of the area, arresting decline and stabilizing the area. The redevelopment of the RPA will serve as a catalyst and as an essential anchor for the overall area. Job creation associated with the project will provide new, improved employment opportunities for community and City residents, including an employment program that allows for the use of the City's First Source Hiring program.

V. REDEVELOPMENT PROJECT

A. City Redevelopment Plan and Project Objectives

The City proposes to realize its goals and objectives of encouraging development of the redevelopment project area through public finance techniques including, but not limited to, Tax Increment Financing:

- (1) By reducing interest costs of a redeveloper related to the construction, expansion or rehabilitation of redevelopment projects.
- (2) Acquisition and assembly of property.
- (3) By providing public facilities which may include:
 - i) Utility improvements and expansion (including curbs and sidewalks);
 - ii) Street improvements and expansion;
 - iii) Traffic signalization and intersection improvements; and
 - iv) Landscaping and signs on public ways.
- (4) By providing for demolition, site preparation, clearance and grading of redevelopment sites and building rehabilitation, as well as appropriate relocation.
- (5) Exploration and review of job training programs in coordination with City, federal, state, and county programs.

B. General Land Use Plan

Existing land use consists of frontage along East Cermak Road extending east from State Street to Martin Luther King, Jr. Drive, as described in Exhibit 3. A number of different uses (commercial, vacant, and mixed use) exist within the RPA. Exhibit 4, attached hereto and made a part of this plan, designates intended general land uses in the RPA. The proposed land uses will conform to the City's comprehensive plan.

All redevelopment projects shall be subject to the provisions of the City Zoning Ordinance, as well as Planned Unit Development provisions, as may be amended from time to time.

C. Redevelopment Program

Pursuant to the foregoing objectives, the City will implement a coordinated program of actions to facilitate redevelopment, including, but not limited to, acquisition and assembly, provision of interest rate writedown, public improvements, demolition and/or clearance, building rehabilitation, relocation and job training assistance.

Interest Rate Writedown

The City may enter into an agreement with developers whereby a portion of the interest cost of a construction, renovation or rehabilitation project is paid for on an annual basis out of the Special Tax Allocation Fund of the RPA, in accordance with the Act.

Public Improvements

The City may provide public improvements in the RPA to enhance the RPA as a whole, to support the Redevelopment Project Plan and Project, and to serve the needs of City and area residents. Appropriate public improvements may include, but are not limited to:

- new construction and improvements of streets, alleys, curbs, sidewalks/pedestrianways and street intersections;
- improvement and extension of public utilities;
- landscaping/beautification, lighting, and signage of public properties; and
- traffic signalization.

Acquisition

Property may be acquired by the City in order to further objectives of this Plan and enhance development alternatives for appropriate users.

Clearance of existing structures on properties to be acquired will, to the greatest extent possible, be scheduled to coincide with redevelopment activities so that parcels do not remain vacant for extended periods of time and so that the adverse effects of clearance activities may be minimized.

Property, when acquired, may be made available for temporary public or private revenue producing uses which will not have adverse impacts on the redevelopment area, until such time as they are needed for planned development. Such revenues, if any, would accrue to the special tax allocation fund for the redevelopment project.

Land Disposition

Property may be acquired by the City and may be assembled into appropriate redevelopment sites. These properties may be sold or leased by the City to a private developer or developers, in whole or in part, for redevelopment subject to the requirements of the Act.

Terms of conveyance shall be incorporated into appropriate disposition agreements, and may include more specific restrictions than contained in this Redevelopment Plan or in other City codes and ordinances governing the use of land.

Demolition and Site Preparation

As determined by the type of use and market considerations, a portion or all of the existing structures may be demolished. Demolition may include removal of asbestos insulation conformant with all environmental requirements. Should a portion of a facility be adapted for more market oriented uses, asbestos insulation may have to be removed as part of site preparation in order to accommodate development. Again, all removal would conform to environmental requirements. Other site preparation for reuse would also conform to appropriate environmental and other governmental regulations.

Relocation

The City or the developer may provide for relocation conformant with its policies and regulations in order to accomplish the goals and objectives of the Plan, using Federal, State or municipal criteria.

Job Training

The City may assist facilities located within the RPA in obtaining job training assistance. Job training and retraining programs currently available from or through other governments include, but are not limited to:

- The federal Jobs Partnership Training Act (JPTA) programs administered by the City of Chicago's Mayor's Office of Employment Training;
- The State of Illinois High Impact Training Support (HITS) program;
- Applicable local vocational educational programs;
- The State of Illinois Industrial Training Program (ITP);
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

D. Estimated Redevelopment Project Costs - Phases 1 and 2

Redevelopment project costs mean and include 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 Project. Eligible costs permitted by the Act pertinent to this Redevelopment Plan and Project are:

1. Costs of studies and 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 the construction of public works or improvements;
4. Costs of job training and retraining projects;

5. 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 not exceeding thirty-six (36) months thereafter, including reasonable reserves related thereto;
6. 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 City by written agreement accepts and approves such costs;
7. Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or Illinois law;
8. Payment in lieu of taxes;
9. 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 the RPA; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City 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 Illinois Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The Illinois School Code;

10. 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 the Act; and
 - (b) such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year; and
 - (c) if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (10), then the amounts 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 incurred pursuant to the Act may not exceed 30% of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to the Act.

Estimated project costs are shown in Tables 1a and 1b. To the extent that the City or a developer has incurred redevelopment project costs prior to, but in anticipation of, the adoption of tax increment financing, the City may be reimbursed for such costs. Adjustments to the cost items listed in Tables 1a and 1b are anticipated without amendment to the Redevelopment Plan.

TABLE 1a
REDEVELOPMENT PROJECT - ESTIMATED PHASE 1 PROJECT COSTS

<u>Program Action/Improvement</u>	<u>Estimated Cost(s)</u>
Interest Cost as Allowed Under Paragraph (11) of Chapter 24, Par. 11-74.4-3 of the Act	\$ 4,500,000
Land Acquisition and Assembly	5,000,000
Utility Improvements	500,000
Street Construction and/or Extension Intersection and Traffic Signalization Improvements	500,000 250,000
Streetscape Improvements, Including Landscaping, Signage, and Streetlights	1,000,000
Demolition and/or Site Preparation and Clearance	1,000,000
Rehabilitation	5,250,000
Relocation	250,000
Planning, Legal, Architectural, Engineering, Administrative and Other Professional Service Costs	500,000
Job Training, Retraining and Affirmative Action Consulting Services	1,000,000
Capitalized Interest and Costs of Issuance	5,000,000
Contingencies	<u>250,000</u>
ESTIMATED PHASE 1 COSTS	\$25,000,000

(A) All cost estimates are in 1989 dollars. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment project costs.

TABLE 1b
REDEVELOPMENT PROJECT - ESTIMATED PHASE 2 PROJECT COSTS

<u>Program Action/Improvement</u>	<u>Estimated Cost(s)</u>
Interest Cost as Allowed Under Paragraph (11) of Chapter 24, Par. 11-74.4-3 of the Act	\$ 5,000,000
Land Acquisition and Assembly	5,000,000
Utility Improvements	250,000
Street Rehabilitation/Construction and/or Extension, Curb and Sidewalk Construction	500,000
Intersection and Traffic Signalization Improvements	250,000
Streetscape Improvements, Including Landscaping, Signage, and Streetlights	1,500,000
Demolition and/or Site Preparation and Clearance	1,500,000
Rehabilitation	2,000,000
Relocation	500,000
Planning, Legal, Architectural, Engineering, Administrative and Other Professional Service Costs	1,000,000
Job Training, Retraining and Affirmative Action Consulting Services	2,000,000
Capitalized Interest and Costs of Issuance	5,000,000
Contingencies	<u>500,000</u>
ESTIMATED PHASE 2 COSTS	\$25,000,000
TOTAL ESTIMATED PROJECT COSTS	\$50,000,000

(A) All cost estimates are in 1989 dollars. Adjustments to the estimated line item costs above are expected. Each individual project cost will be re-evaluated in light of projected private development and resulting incremental tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment project costs.

E. Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for redevelopment project costs are to be derived principally from real property tax incremental revenues and proceeds from any municipal obligations to be retired primarily with tax increment revenues and interest earned on resources available but not immediately needed for the Redevelopment Project.

The tax increment revenues which will be used to pay debt service on the tax increment obligations and to directly pay redevelopment project costs shall be the incremental real property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA over and above the initial equalized assessed value of each such lot, etc. in the RPA.

Other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are: The proceeds of real property sales, real property tax receipts, certain motor tax revenues, incremental local hotel tax revenues, incremental local sales tax revenues, certain land lease payments, certain state and federal grants, certain investment income, and such other sources of funds and revenues as the City may, from time to time, deem appropriate.

The City may use its general fund and utilize its taxing power to sustain redevelopment projects and pay debt service on obligations issued in connection therewith to be reimbursed, if possible, from tax increment financing revenues.

F. Nature and Term of Obligations to be Issued

The City may issue obligations secured by the tax increment special tax allocation fund established for the RPA pursuant to Section 11-74.4-7 of the Act or such other funds or security as are available to the City by virtue of its home rule powers provided by the Constitution of the State of Illinois.

All obligations issued by the City pursuant to this Redevelopment Plan and Project and the Act shall not exceed twenty-three (23) years from the date of adoption of the ordinance approving the RPA or _____, _____. However, the final maturity date of any obligation issued pursuant to the Act may not be later than twenty (20) years from its respective date of issuance. One or more series of obligations may be issued from time to time in order to implement this Redevelopment Plan and Project. All obligations are to be repaid after issuance by projected and actual tax increment, other tax revenue and by such debt service revenues and sinking funds as may be provided by ordinance. The total principal and interest payable in any year on all obligations shall not exceed the amounts available in that year, or projected to be available in that year, from tax increment revenues and from bond sinking funds, capitalized interest, debt service reserve funds and all other sources of funds as may be provided by ordinance.

Those revenues not required for principal and interest payments, required reserves, bond sinking funds, redevelopment project costs and required reserves, early retirement of outstanding securities, and to facilitate the economical issuance of additional bonds necessary to accomplish the redevelopment plan, may be declared surplus and shall then become available for distribution annually to taxing districts overlapping the RPA in the manner provided by the Act.

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

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

The total estimated 1988 equalized assessed valuation for the RPA is approximately \$6,923,073. The Boundary Map, Exhibit 2, shows the location of the RPA.

H. Anticipated Equalized Assessed Valuation

Upon completion of the anticipated private development, assuming a Cook County, Illinois equalization factor (multiplier) of 1.9266, it is estimated that the equalized assessed valuation of real property within the RPA after the completion of the first phase redevelopment will be approximately \$19,588,542.

VI. DESCRIPTION OF COMPONENTS OF REDEVELOPMENT PROJECT

A. Description of Redevelopment Project

The City will employ an implementation strategy which stresses economic feasibility whereby tax increment funds will not be initially pledged unless corresponding private investment is reasonably projected to be sufficient to generate equal or greater return of future tax revenues. Such strategy will contribute to a realistic approach in funding projects while assuring that the City has the flexibility to continue to prioritize among possible projects in meeting both City and private sector goals. The redevelopment projects contemplated by the City include, but are not limited to, the following:

Interest Cost Coverage: The City may pay for certain interest costs incurred by a redeveloper for construction, renovation or rehabilitation of a redevelopment project which shall include costs incurred by a developer pertaining to the redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.

Utility Improvements: The City may make improvements, extension and adjustment in water, storm sewer, sanitary sewer, electric lighting and other utility systems.

Right-of-Way Improvements: The City may improve, construct, reconstruct or extend primary and secondary street right-of-ways and other such territory located on public land, on private land or through public easement on private land. Curbs and sidewalks may also be improved or reconstructed.

Property Acquisition and Assembly: The City may acquire land within the RPA for the purpose of facilitating the assembly and preparation of property.

Demolition, Site Preparation and Clearance: The City may remove debris and other disposal material from sites and/or grade such sites as part of its redevelopment activities.

Professional Services: The City may use tax increment financing to pay necessary architectural, engineering, planning, legal, administrative and financial costs.

Costs of Job Training: The City may implement job training programs.

Relocation: The City may provide for appropriate relocation conformant to its policies and regulations.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the City and any private developers, both will agree to establish and implement a honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the City. The program will be conformant with the most recent City policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will countenance discrimination against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and the compliance requirements of applicable state and federal regulations.

The City and private developers will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

VII. SCHEDULING OF THE REDEVELOPMENT PROJECT

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

This Redevelopment Project will be completed on or before a date 23 years from the adoption of an ordinance designating the RPA or _____, _____. The City expects that the Redevelopment Project will be completed sooner than the maximum time limit set by the Act, depending on the incremental tax yield. Actual public and/or private construction activities are anticipated to be completed within ten (10) years from the adoption of this Redevelopment Plan.

VIII. PROVISIONS FOR AMENDING THE TAX INCREMENT REDEVELOPMENT
PLAN AND PROJECT

This Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

EXHIBIT 1

LEGAL DESCRIPTION

THAT PART OF THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND PART OF THE NORTHWEST 1/4 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE EAST LINE, EXTENDED NORTH OF SOUTH STATE STREET AND THE CENTER LINE OF EAST 21ST STREET; THENCE SOUTH ALONG SAID EAST LINE, EXTENDED NORTH OF SOUTH STATE STREET TO THE NORTHWEST CORNER OF LOT 20 IN BLOCK 28 IN GURLEY'S SUBDIVISION OF BLOCKS 24 TO 28 ASSESSOR'S DIVISION OF THE SOUTHWEST FRACTIONAL 1/4 OF SECTION 22, AFORESAID; (SAID NORTHWEST CORNER OF LOT 20, BEING A POINT IN THE SOUTH LINE OF SAID EAST 21ST STREET); THENCE EAST ALONG SAID SOUTH LINE OF EAST 21ST STREET TO THE NORTHWEST CORNER OF LOT 1 IN SAID BLOCK 28 IN GURLEY'S SUBDIVISION AFORESAID; THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 1 AND THE WEST LINE OF LOT 2 IN SAID BLOCK 28 IN GURLEY'S SUBDIVISION AFORESAID TO THE NORTHWEST CORNER OF THE SOUTH 25 FEET OF SAID LOT 2; THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF THE SAID SOUTH 25 FEET OF LOT 2 TO THE EAST LINE OF SOUTH WABASH AVENUE, (SAID EAST LINE OF SOUTH WABASH AVENUE, BEING THE WEST LINE OF BLOCK 27 IN GURLEY'S SUBDIVISION AFORESAID); THENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO THE NORTH LINE OF THE SOUTH 30 FEET OF LOT 19 IN SAID BLOCK 27; THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF SAID SOUTH 30 FEET OF LOT 19 TO THE CENTER LINE OF 12 FEET OF THE NORTH AND SOUTH PUBLIC ALLEY, EAST

OF AND ADJOINING SAID LOT 19; THENCE SOUTH ALONG THE CENTER LINE OF SAID 12 OF THE FEET NORTH AND SOUTH ALLEY TO THE CENTER LINE, AND SAID CENTER LINE EXTENDED EAST OF THE EAST AND WEST 25.8 FEET ALLEY; THENCE EAST ALONG CENTER LINE, AND SAID CENTER LINE EXTENDED EAST AND WEST OF SAID 25.8 FEET ALLEY TO THE WEST LINE OF LOT 5 IN SAID BLOCK 27; THENCE SOUTH ALONG SAID WEST LINE OF LOT 5 TO THE NORTHWEST CORNER OF LOT 6 IN SAID BLOCK 27; THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF SAID LOT 6 TO THE EAST LINE OF SOUTH MICHIGAN AVENUE, (SAID EAST LINE OF SOUTH MICHIGAN BEING THE WEST LINE OF BLOCK 26 GURLEY'S SUBDIVISION AFORESAID); THENCE SOUTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE TO THE NORTH LINE OF THE SOUTH 25 FEET OF LOT 12 IN SAID BLOCK 26; THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF THE SAID SOUTH 25 FEET OF LOT 12 TO THE CENTER LINE OF THE 18 FEET NORTH AND SOUTH ALLEY, THENCE NORTH ALONG SAID CENTER LINE OF THE 18 FEET NORTH AND SOUTH ALLEY TO THE NORTH LINE, EXTENDED WEST OF LOT 3 IN SAID BLOCK 26; THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST AND WEST OF THE SAID NORTH LINE OF LOT 3 TO THE EAST LINE OF SOUTH INDIANA AVENUE, (SAID EAST LINE OF INDIANA AVENUE BEING THE WEST LINE OF BLOCK 25 GURLEY'S SUBDIVISION AFORESAID); THENCE NORTH ALONG THE EAST LINE OF SOUTH INDIANA AVENUE TO THE NORTH LINE OF LOT 15 IN SAID BLOCK 25; THENCE EAST ALONG THE NORTH LINE; AND SAID NORTH LINE EXTENDED EAST OF SAID LOT 15 TO THE EAST LINE OF NORTH AND SOUTH 18 FEET PUBLIC ALLEY; THENCE NORTH ALONG SAID EAST LINE TO THE NORTH LINE OF THE SOUTH 24.8 FEET OF LOT 3 IN

SAID BLOCK 25; THENCE EAST ALONG SAID NORTH LINE AND SAID NORTH LINE EXTENDED EAST TO THE EAST LINE OF SOUTH PRAIRIE AVENUE. (SAID EAST LINE OF SOUTH PRAIRIE AVENUE BEING THE WEST LINE OF BLOCK 24 IN GURLEY'S SUBDIVISION AFORESAID); THENCE NORTH ALONG THE EAST LINE OF SOUTH PRAIRIE AVENUE TO THE NORTHWEST CORNER OF LOT 18 IN SAID BLOCK 24; THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF SAID LOT 18 AND THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF LOT 1 IN SAID BLOCK 24 TO THE CENTER LINE OF SOUTH CALUMET AVENUE; THENCE SOUTH ALONG SAID CENTER LINE AND SAID CENTER LINE EXTENDED SOUTH OF SOUTH CALUMET AVENUE TO THE NORTH LINE OF THE NORTHWEST 1/4 OF SECTION 27 AFORESAID; (SAID NORTH LINE OF THE NORTHWEST 1/4 OF SECTION 27, FOLLOWING WITHIN EAST 22ND STREET, CERMAK ROAD); THENCE EAST ALONG THE NORTH LINE OF THE NORTHWEST 1/4 OF SECTION 27 TO THE NORTHEASTERLY LINE OF SILVERTON WAY; THENCE SOUTHEASTERLY ALONG THE SAID NORTHEASTERLY LINE OF SILVERTON WAY TO THE EXTENSION EAST OF THE NORTHERLY LINE OF THE NORTH 1/2 OF LOT 4 IN ASSESSORS DIVISION OF BLOCKS 13 AND 14 OF CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27 AFORESAID; THENCE WEST ALONG THE SAID EXTENDED EAST OF THE NORTH LINE, AND ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED WEST OF THE NORTH 1/2 OF LOT 4 TO THE WEST LINE OF SOUTH CALUMET AVENUE; THENCE NORTH ALONG SAID WEST LINE OF SOUTH CALUMET AVENUE TO THE NORTH LINE OF A 15 FOOT EAST AND WEST ALLEY, SAID POINT BEING THE SOUTHEAST CORNER OF LOT 1 IN ASSESSORS DIVISION OF BLOCKS 2, 12, AND 15 (EXCEPT THE EAST 1/2 OF THE SOUTH 120 FEET BLOCK OF 15) IN SAID CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27 AFORESAID; THENCE WEST

ALONG SAID NORTH LINE AND SAID NORTH LINE EXTENDED WEST OF SAID
15 FOOT EAST AND WEST ALLEY TO THE WEST LINE OF SOUTH PRAIRIE
AVENUE; THENCE NORTH ALONG THE SAID WEST LINE OF SOUTH PRAIRIE
AVENUE TO THE SOUTHEAST CORNER OF LOT 6 IN HOLE'S SUBDIVISION OF
LOTS 1 AND 2 IN BLOCK 3 IN SAID CANAL TRUSTEES SUBDIVISION;
THENCE WEST ALONG THE SOUTH LINE AND SAID SOUTH LINE EXTENDED
WEST OF SAID LOT 6 TO THE EXTENSION NORTH OF THE WEST LINE OF LOT
7 IN GOOLD'S SUBDIVISION OF BLOCK 3 IN SAID CANAL TRUSTEES
SUBDIVISION THENCE SOUTH ALONG THE EXTENSION NORTH AND THE WEST
LINE OF SAID LOT 7 TO THE NORTHEASTERLY LINE OF COTTAGE GROVE
AVENUE; THENCE SOUTHEASTERLY ALONG THE SAID NORTHEASTERLY LINE OF
COTTAGE GROVE AVENUE TO THE EXTENSION EAST OF THE SOUTH LINE OF
LOT 10 IN THE SUBDIVISION OF BLOCK 17 IN SAID CANAL TRUSTEES
SUBDIVISION; THENCE WEST ALONG THE EXTENSION EAST OF THE SOUTH
LINE AND SAID SOUTH LINE EXTENDED WEST OF SAID LOT 10 TO THE
CENTER LINE OF SOUTH INDIANA AVENUE: THENCE NORTH ALONG THE SAID
CENTER LINE OF INDIANA AVENUE TO THE NORTHEAST CORNER OF LOT 1
IN THE SUBDIVISION OF BLOCK 9 IN SAID CANAL TRUSTEES SUBDIVISION;
THENCE WEST ALONG THE SAID NORTH LINE OF LOT 1 TO THE EAST
LINE OF A NORTH AND SOUTH 20 FEET PUBLIC ALLEY EAST AND ADJOINING
LOTS 2, 3, 4 AND 5 IN ASSESSORS DIVISION OF THE NORTH 1/3 OF BLOCK
20 OF FRACTIONAL SECTION 15 ADDITION IN SECTION 15. TOWNSHIP 39
NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE
NORTH 185 FEET OF BLOCK 40 IN CANAL TRUSTEES SUBDIVISION
AFORESAID AND THE WEST PART OF BLOCK 4 OF THE WEST 1/2 OF SECTION
27 AFORESAID; THENCE WEST ALONG THE EXTENSION EAST AND THE SOUTH

LINE OF SAID LOT 5 TO THE THE EAST LINE OF SOUTH MICHIGAN AVENUE;
THENCE SOUTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE TO THE
EXTENSION EAST OF THE NORTH LINE OF LOT 1 IN THE SUBDIVISION OF
THE EAST 1/2 OF BLOCK 19 IN SAID CANAL TRUSTEES SUBDIVISION;
THENCE WEST ALONG THE EXTENSION EAST, THE NORTH LINE AND SAID
NORTH LINE EXTENDED WEST OF SAID LOT 1 IN BLOCK 19 TO THE CENTER
LINE OF SOUTH WABASH AVENUE; THENCE ALONG THE SAID CENTER LINE OF
SOUTH WABASH AVENUE TO THE EXTENSION EAST OF THE SOUTH LINE OF
THE NORTH 87 FEET OF BLOCK 7 IN SAID CANAL TRUSTEES SUBDIVISION ;
THENCE WEST ALONG THE EXTENSION EAST AND THE SOUTH LINE OF THE
SAID NORTH 87 FEET OF BLOCK 7 TO THE WEST LINE OF THE EAST 197.4
FEET OF SAID BLOCK 7 THENCE SOUTH ALONG THE SAID WEST LINE OF THE
EAST 197.4 FEET OF SAID BLOCK 7 TO THE NORTH LINE OF BLOCK 20 IN
SAID CANAL TRUSTEES SUBDIVISION; THENCE WEST ALONG THE SAID NORTH
LINE BLOCK 20 TO THE EAST LINE OF THE C.T.A. ELEVATED RAILROAD;
THENCE SOUTH ALONG SAID EAST LINE TO A LINE 100 FEET NORTH AND
PARALLELL WITH THE NORTH LINE EAST 23RD STREET; THENCE WEST ALONG
LAST DESCRIBED PARALLEL LINE TO THE WEST LINE OF THE NORTHWEST
1/4 OF SAID SECTION 27, (SAID WEST LINE FOLLOWING WITHIN SOUTH
STATE STREET); THENCE NORTH ALONG SAID WEST LINE OF THE NORTHWEST
1/4 OF SAID SECTION 27 AND ALONG THE WEST LINE OF THE SOUTHWEST
1/4 OF SECTION 22 AFORESAID TO THE CENTER LINE OF EAST 21ST
STREET; THENCE EAST ALONG THE SAID CENTER LINE OF EAST 21ST
STREET TO THE PLACE OF BEGINNING, ALL IN THE CITY OF CHICAGO,
COOK COUNTY, ILLINOIS. ALSO, INCLUDED WITHIN THE ABOVE DESCRIBED
PERIMETER IS A TRACT OF LAND CONSISTING OF:
PARCELS:

PARCEL 1:

THE SOUTH 25 FEET OF LOT 2 AND ALL OF LOTS 3 TO 22, BOTH INCLUSIVE, AND INCLUDING THOSE PARTS OF THE EAST 1/2 OF SOUTH STATE STREET, THE WEST 1/2 OF SOUTH WABASH AVENUE, THE NORTH 1/2 OF EAST 22ND STREET, AND THE PUBLIC ALLEYS ADJOINING AND ACCRUING TO THE AFORESAID LOTS, ALL IN BLOCK 28 OF GURLEY'S SUBDIVISION OF BLOCKS 24 TO 28 OF ASSESSOR'S DIVISION OF THE SOUTH WEST FRACTIONAL 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 6 TO 18 BOTH INCLUSIVE, AND THE SOUTH 30 FEET OF LOT 19, AND INCLUDING THOSE PARTS OF THE EAST 1/2 OF SOUTH WABASH AVENUE, THE WEST 1/2 OF SOUTH MICHIGAN AVENUE, THE NORTH 1/2 OF EAST 22ND STREET AND THE PUBLIC ALLEYS ADJOINING AND ACCRUING TO THE AFORESAID LOTS, ALL IN BLOCK 27 OF GURLEY'S SUBDIVISION OF BLOCKS 24 TO 28 OF ASSESSOR'S DIVISION OF THE SOUTH WEST FRACTIONAL 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOTS 3 TO 11, BOTH INCLUSIVE, AND THE SOUTH 25 FEET OF LOT 12 AND INCLUDING THOSE PARTS OF THE EAST 1/2 OF SOUTH MICHIGAN, THE WEST 1/2 OF SOUTH INDIANA; THE NORTH 1/2 OF EAST 22ND STREET AND THE NORTH AND SOUTH 18 FOOT PUBLIC ALLEY ADJOINING AND ACCRUING TO THE AFORESAID LOTS, ALL IN BLOCK 26 OF GURLEY'S SUBDIVISION OF BLOCKS 24 TO 28 OF ASSESSOR'S DIVISION OF THE SOUTH WEST FRACTIONAL 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOTS 3 TO 15, BOTH INCLUSIVE, AND INCLUDING THOSE PARTS OF THE EAST 1/2 OF SOUTH INDIANA AVENUE, THE WEST 1/2 OF SOUTH PRAIRIE AVENUE THE NORTH 1/2 OF

22ND STREET, COTTAGE GROVE AVENUE AND THE NORTH AND SOUTH 18 FOOT PUBLIC ALLEY AND ACCRUING TO THE AFORESAID LOTS, ALL IN BLOCK 25 OF GURLEY'S SUBDIVISION OF BLOCKS 24 TO 28 OF ASSESSOR'S DIVISION OF THE SOUTH WEST FRACTIONAL 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PARCEL 5:

LOTS 1 TO 18, BOTH INCLUSIVE, AND INCLUDING THOSE PARTS OF THE EAST 1/2 OF SOUTH PRAIRIE AVENUE, THE WEST 1/2 OF SOUTH CALUMET AVENUE, THE NORTH 1/2 OF 22ND STREET AND THE NORTH AND SOUTH 18 FOOT VACATED PUBLIC ALLEY ADJOINING AND ACCRUING TO THE AFORESAID LOTS, ALL IN BLOCK 24 OF GURLEY'S SUBDIVISION OF BLOCKS 24 TO 28 OF ASSESSOR'S DIVISION OF THE SOUTH WEST FRACTIONAL 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS.

PARCEL 6:

BLOCK 1 (EXCEPTING THAT PART THEREOF LYING NORTHEASTERLY OF THE SOUTHWESTERLY LINE OF SILVERTON WAY AND EXCEPTING THAT PART THEREOF TAKEN AND USED FOR STREET PURPOSES), INCLUDING THE EAST 1/2 OF SOUTH CALUMET AVENUE LYING WEST AND ADJOINING AND ALL OF SILVERTON WAY EASTERLY OF AND ADJOINING ALL IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 7:

LOTS 1, 2, 3 AND NORTH 1/2 OF LOT 4 INCLUDING THE EAST 1/2 OF SOUTH CALUMET AVENUE LYING WEST AND ADJOINING AND ALL OF SILVERTON WAY EASTERLY OF AND ADJOINING, ALL IN THE ASSESSOR'S DIVISION OF BLOCKS 13 AND 14 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 8:

LOTS 1 TO 11, BOTH INCLUSIVE, INCLUDING THOSE PARTS OF THE WEST 1/2 OF CALUMET AVENUE, THE EAST 1/2 OF SOUTH PRAIRIE AND 22ND STREET ADJOINING AND ACCRUING TO THE AFORESAID LOTS, ALL IN THE ASSESSOR'S DIVISION OF BLOCKS 2, 12 AND 15 (EXCEPT THE EAST 1/2 OF THE SOUTH 120 FEET OF BLOCK 15) IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 9:

LOTS 3 TO 7, BOTH INCLUSIVE, (EXCEPTING THAT PART OF LOTS 3 AND 7 TAKEN AND USED FOR STREET PURPOSES), INCLUDING THOSE PARTS OF THE WEST 1/2 OF SOUTH PRAIRIE AVENUE AND 22ND STREET ADJOINING AND ACCRUING TO THE AFORESAID LOTS, ALL IN HALE'S SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 3 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 10:

THE EAST 150 FEET OF THAT PART OF GOULD'S SUBDIVISION OF BLOCK 3 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, LYING WEST OF THE WEST LINE OF HALE'S SUBDIVISION OF LOTS 1 AND 2 IN BLOCK 3 AFORESAID, LYING NORTH OF THE NORTH LINE OF THE EAST AND WEST PUBLIC ALLEY. (EXCEPTING THAT PART THEREOF TAKEN AND USED FOR STREET PURPOSES) INCLUDING THOSE PARTS OF COTTAGE GROVE AVENUE AND 22ND STREET ADJOINING AND ACCRUING THERETO.

PARCEL 11:

BLOCK 10 (EXCEPTING THOSE PARTS THEREOF TAKEN AND USED FOR STREET PURPOSES), INCLUDING THOSE PARTS OF COTTAGE GROVE AVENUE, 22ND STREET AND THE EAST 1/2

OF SOUTH INDIANA AVENUE, ADJOINING AND ACCRUING TO AFORESAID BLOCK 10 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 12:

LOTS 10 AND 11, INCLUDING THOSE PARTS OF COTTAGE GROVE AVENUE AND THE EAST 1/2 OF SOUTH INDIANA AVENUE, ADJOINING AND ACCRUING TO AFORESAID LOTS IN SUBDIVISION OF BLOCK 17 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 13:

LOTS 2, 3 AND 4 (EXCEPTING THAT PART OF SAID LOT 2 TAKEN AND USED FOR STREET PURPOSES), INCLUDING THOSE PARTS OF THE EAST 1/2 OF SOUTH MICHIGAN AVENUE, 22ND STREET, NORTH AND SOUTH 20 FOOT ALLEY ADJOINING AND ACCRUING TO AFORESAID LOTS IN ASSESSOR'S DIVISION OF THE WEST PART OF BLOCK 4 OF THE WEST 1/2 SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN AND THE NORTH 185 FEET OF BLOCK 40 IN CANAL TRUSTEES SUBDIVISION WEST 1/2 OF SECTION 27 AFORESAID AND THE NORTH 1/3 OF BLOCK 20 OF FRACTIONAL SECTION 15 ADDITION IN SECTION 15, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 14:

THAT PART OF 22ND STREET LYING NORTH OF AND ADJOINING TO THE EAST PART OF BLOCK 4 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 15:

LOTS 1 TO 18, BOTH INCLUSIVE (EXCEPTING THAT PART THEREOF TAKEN AND USED FOR STREET PURPOSES), INCLUDING THOSE PARTS OF THE WEST 1/2 OF SOUTH MICHIGAN AVENUE, THE EAST 1/2 OF SOUTH WABASH AVENUE, 22ND STREET, AND PUBLIC ALLEY ADJOINING AND ACCRUING TO THE AFORESAID LOTS, IN THE ASSESSOR'S DIVISION OF THE NORTH 1/2 OF BLOCK 5 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 16:

LOTS 1 TO 6, BOTH INCLUSIVE, INCLUDING THOSE PARTS OF THE WEST 1/2 OF SOUTH MICHIGAN AVENUE, THE EAST 1/2 OF SOUTH WABASH AVENUE AND THE PUBLIC ALLEY ADJOINING AND ACCRUING TO THE AFORESAID LOTS IN WILLIAM L. BUTTERFIELD'S SUBDIVISION OF THE WEST 1/2 OF THE SOUTH 1/2 AND THE NORTH 25.25 FEET OF THE SOUTH 1/2 OF THE EAST 1/2 OF BLOCK 5 IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 17:

THE SOUTH 1/2 OF THE EAST 1/2, (EXCEPTING THE NORTH 25.25 FEET THEREOF), OF BLOCK 5, INCLUDING THAT PART OF THE WEST 1/2 OF SOUTH MICHIGAN AVENUE ADJOINING AND ACCRUING THERETO, IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 18:

BLOCK 8, INCLUDING THOSE PARTS OF THE WEST 1/2 OF SOUTH MICHIGAN AVENUE AND THE EAST 1/2 OF SOUTH WABASH AVENUE ADJOINING AND ACCRUING THERETO, IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 19:

BLOCK 6, (EXCEPTING THOSE PARTS TAKEN AND USED FOR STREET PURPOSES), INCLUDING THOSE PARTS OF THE WEST 1/2 OF WABASH AVENUE, 22ND STREET AND STATE STREET ADJOINING AND ACCRUING THERETO, IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 20:

BLOCK 7, (EXCEPT THE SOUTH 112.83 FEET OF THE EAST 197.4 FEET ALSO EXCEPTING THAT PART TAKEN AND USED FOR STREET PURPOSES), INCLUDING THOSE PARTS OF THE WEST 1/2 OF SOUTH WABASH AVENUE AND STATE STREET ADJOINING AND ACCRUING THERETO, IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 21:

THE WEST 185.75 FEET, (EXCEPT THE SOUTH 100 FEET THEREOF AND EXCEPTING THAT PART TAKEN AND USED FOR STREET PURPOSES) OF BLOCK 20, INCLUDING THAT PART OF STATE STREET ADJOINING AND ACCRUING THERETO IN CANAL TRUSTEES SUBDIVISION OF THE WEST 1/2 OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

EXHIBIT 2
RPA BOUNDARY MAP

EXHIBIT 3
EXISTING LAND USE MAP

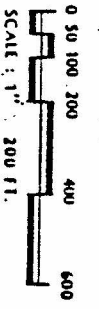
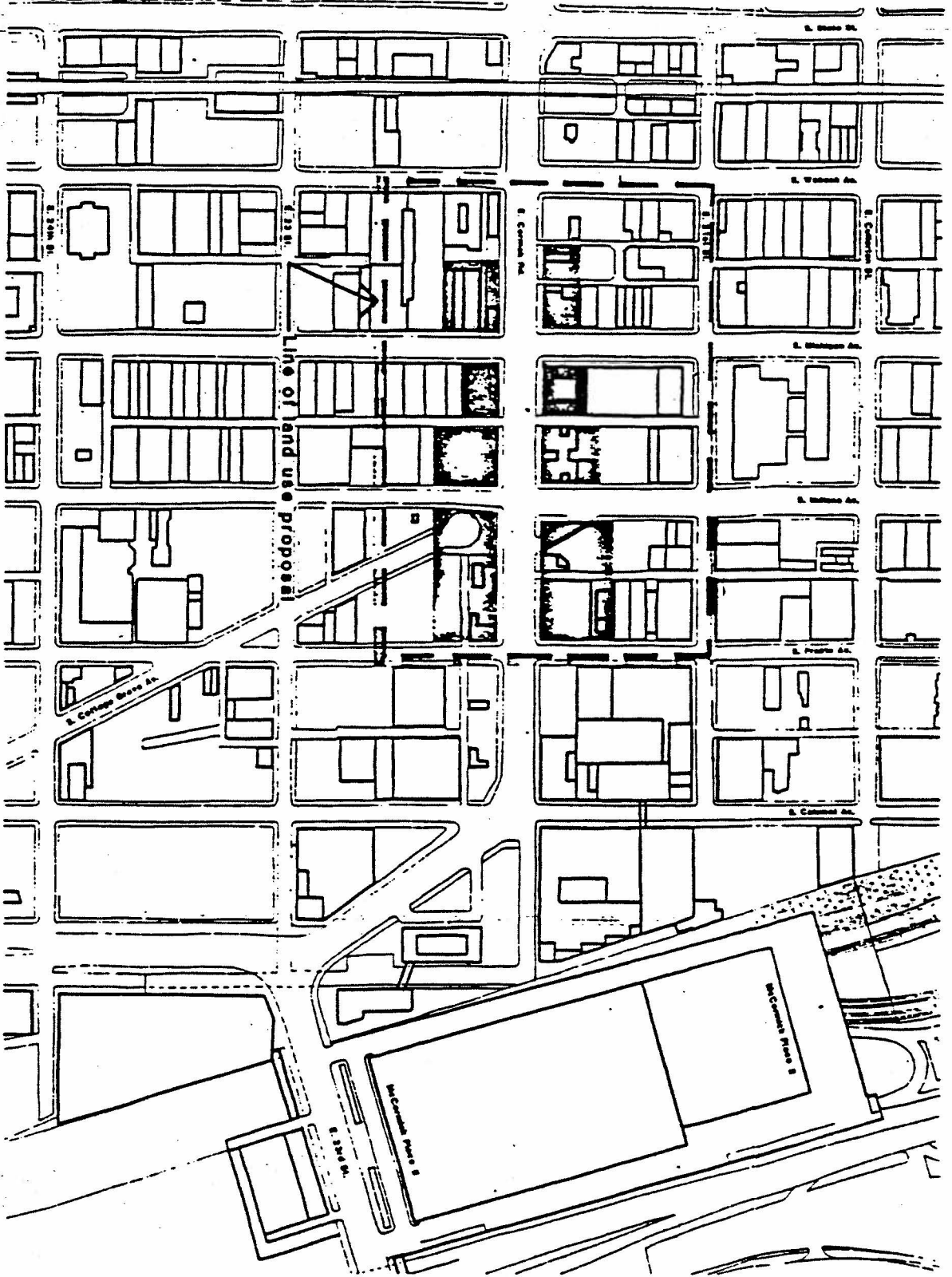
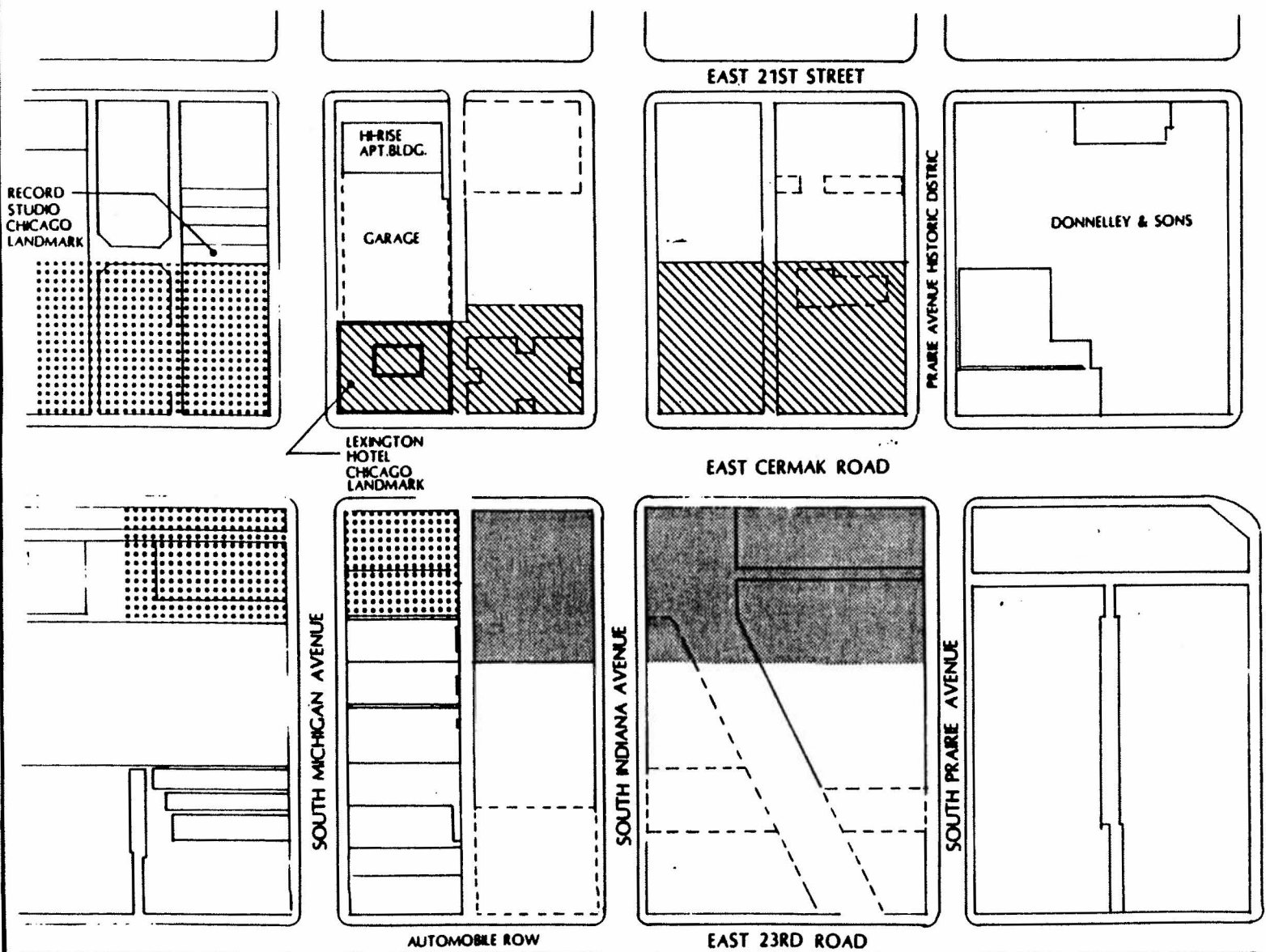





EXHIBIT 3

EXISTING LAND USE

VICINITY PLAN



LEGEND

-  MIXED USE HOTEL/RESTAURANT/RETAIL
-  GROUND FLOOR COMMERCIAL UPPER LEVEL EXPOSITION SUPPORT BUSINESS
-  MIXED USE COMMERCIAL/RESIDENTIAL

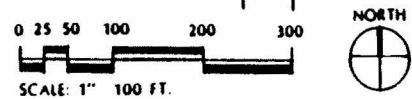


EXHIBIT 4
PROPOSED
LAND USE

EXHIBIT 5

Criteria For Qualification

The RPA was evaluated to determine the presence or absence of appropriate qualifying factors listed in the Act.

According to Section 11-74.4-3 of the Act (in pertinent part), a "blighted area" means:

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 5 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 taxing districts is impaired by, (1) a combination of 2 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 vacant land; deterioration of structures or 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 railyards; rail tracks or railroad rights-of-way, or (5) the area, prior to its designation, is subject to chronic flooding which adversely impacts on real property in the area and such flooding is substantially caused by one or more improvements in or in proximity to the area which improvements have been in existence for at least 5 years, or (6) the area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites, or (7) the area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of this subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

The criteria listed in the Act were defined for purposes of the analysis are as follows:

1. Age. Simply the time which has passed since building construction was completed.
2. Illegal Use of Structure. The presence on the property of illegal uses or activities.
3. Structures Below Minimum Code Standards. Lack of conformance with local code standards of building, fire, housing, zoning, subdivision or lack of conformance with other applicable governmental codes.
4. Excessive Vacancies: When the occupancy or use level of the building is low for frequent or lengthy periods so as to represent an adverse area influence.
5. Lack of Ventilation, Light or Sanitary Facilities: Conditions which would negatively influence the health and welfare of building users.
6. Inadequate Utilities: Deficiencies in sewer, water supply, storm drainage, electricity, streets or other necessary site services.
7. Dilapidation: The condition where the safe use of the building is seriously impaired, as evidenced by substandard structural conditions; this is an advanced stage of deterioration.
8. Obsolescence: When the structure has become or will soon become ill-suited for the originally designed use.
9. Deterioration: A condition where the quality of the building has declined in terms of structural integrity and/or building systems due to lack of investment, misuse or age.
10. Overcrowding of Structures and Community Facilities: A level of use beyond a designed or legally permitted level.
11. Excessive Land Coverage: Site coverage of an unacceptably high level.
12. Deleterious Land Use or Layout: Inappropriate property use or plotting, or other negative influences not otherwise covered, which discourages investment in a property.

13. Depreciation of Physical Maintenance: Decline in property maintenance which leads to building degeneration, health and safety hazards, unattractive nuisances, unsightliness, property value decline and area distress.
14. Lack of Community Planning: Deficiency in local direction of growth, development or redevelopment in order to maintain or enhance the viability of the area or community.

METHODOLOGY

The RPA has been evaluated in its qualification as a "blighted area" on an area-wide basis. The RPA has been evaluated according to the appropriate qualification features listed in the Act as defined above.

Obsolescence

The area contains single and multi-story buildings which are obsolete by current standards for more intensive commercial reuse. There is a prevalence of vandalism, graffiti and disrepair and deferred maintenance of both structures and sidewalks. As a result, the physical appearance of the area is poor.

Depreciation of Physical Maintenance

A majority of the structures within the area exhibit signs of depreciation of physical maintenance. Numerous structures require tuckpointing, roof work, window work, painting, etc. Also, many structures have been vacant or partially occupied, with a consequence of minimal maintenance work. The continued lack of a comprehensive, sustained maintenance program may lead to further decline of the area's appearance.

Inadequate Utilities

Inadequate utilities, such as sidewalks, streets, alleys and curbs, make it difficult to flow both people and goods to points within and around the area. Existing utilities may need to be substantially improved in order to accommodate commercial and industrial users at locations within the RPA.

Deleterious Land Use or Layout

Deleterious land use or layout is located throughout the area and such layout does not encourage further industrial or commercial redevelopment. Land uses would need to be modified significantly in order to accommodate new uses. Many sites were designed for specific users and are currently vacant or partially occupied.

Deterioration

There are structures in the RPA that are deteriorating, whereby major rehabilitation of various structural elements such as exterior walls, roofs and foundation is warranted. Some are in need of repair due to decay, deterioration and neglect or misuse to such an extent as to warrant removal to protect the public health, safety, welfare or property values.

Excessive Vacancies

There are many structures and sites within the RPA that have experienced growing vacancy rates during the last fifteen (15) years. Many of the lots are being use for temporary parking and are full of debris. Some properties have been abandoned and lack maintenance, therefore, contributing to the unsightliness of the area.

In addition to the factors described above, existence of structures below minimum code, lack of community planning and the age factor are also present in a number of the blocks within the area.