
1998 Annual Report
72nd-Cicero
Redevelopment Project Area



Pursuant to Mayor's
Executive Order 97-2

JUNE 30, 1999



City of Chicago
Richard M. Daley, Mayor

Department of Planning
and Development

Christopher R. Hill
Commissioner

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June 30, 1999

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

Ladies and Gentlemen:

The attached information for the 72nd-Cicero Redevelopment Project Area, along with 63 other individual reports, is presented pursuant to the Mayoral Executive Order 97-2 (Executive Order) regarding annual reporting on the City's tax increment financing (TIF) districts. The City's TIF program has been used to finance neighborhood and downtown improvements, leverage private investment, and create and retain jobs throughout Chicago.

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

Sincerely,

Christopher R. Hill
Commissioner
Department of Planning and Development

Walter K. Knorr
Chief Financial Officer



June 30, 1999

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

Commissioner Hill:

Enclosed is the required annual report for the 72nd-Cicero Redevelopment Project Area, which we compiled at the direction of the Department of Planning and Development pursuant to the Mayor's Executive Order 97-2. The contents are based on information provided to us by the Chicago Departments of Planning and Development, Finance, and Law Department. We have not audited, verified, or applied agreed upon procedures to the data contained in this report. Therefore, we express no opinion on its accuracy or completeness.

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

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

Very truly yours,

Ernst & Young LLP

Ernst & Young LLP

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

TABLE OF CONTENTS

**ANNUAL REPORT - 72ND-CICERO PROJECT AREA IN COMPLIANCE WITH SECTION (4) OF THE
MAYOR'S EXECUTIVE ORDER 97-2**

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

72nd-Cicero Redevelopment Project Area 1998 Annual Report

Purpose of Report:

The purpose of the Annual Report for the 72nd-Cicero Redevelopment Project Area (Report) is to provide information regarding the City of Chicago (City) tax increment financing (TIF) districts in existence on December 31, 1998, as required by the Mayor's Executive Order 97-2 (Executive Order). This Report covers the 72nd-Cicero Redevelopment Project Area (Project Area).

Methodology:

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

(a) General Description

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

(b) Date of Designation and Termination

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

(c) Copy of Redevelopment Plan

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

72nd-Cicero Redevelopment Project Area 1998 Annual Report

(d) Description of Intergovernmental and Redevelopment Agreements

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

(e) Description of TIF Projects

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

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

72nd-Cicero Redevelopment Project Area 1998 Annual Report

(f) Description of all TIF Debt Instruments

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

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

(g) Description of City Contracts

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

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

72nd-Cicero Redevelopment Project Area 1998 Annual Report

(h) Summary of Private and Public Investment Activity

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

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

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

(i) Description of Property Transactions

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

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

72nd-Cicero Redevelopment Project Area 1998 Annual Report

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

(j) Financial Summary Prepared by the City Comptroller

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

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

(k) Description of Tax Receipts and Assessment Increments

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

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

72nd-Cicero Redevelopment Project Area 1998 Annual Report

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

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

(l) Certain Contracts of TIF Consultants

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

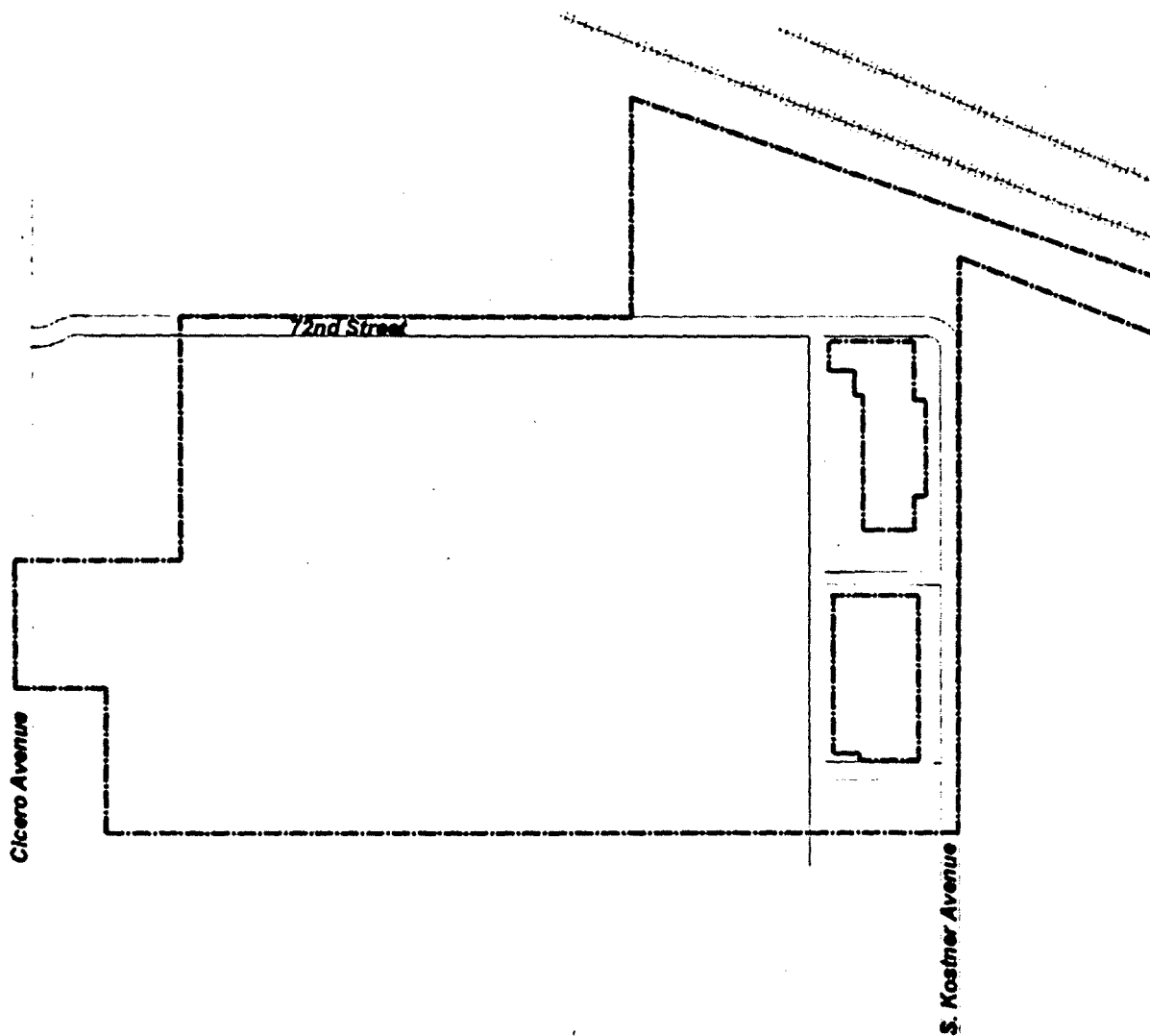
(m) Compliance Statement Prepared by an Independent Public Accountant

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

72nd-Cicero Redevelopment Project Area 1998 Annual Report

(a) GENERAL DESCRIPTION

The Project Area is generally bounded by 72nd Street and the B.R.C. Railroad on the north, South Kostner Avenue on the east, Keller Drive on the south, and Cicero Avenue on the west. The map below illustrates the location and general boundaries of the Project Area. For precise boundaries, please consult the legal description in the Redevelopment Plan (Attachment).



**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council on November 15, 1993. The Project Area may be terminated no later than November 15, 2016.

(c) COPY OF REDEVELOPMENT PLAN

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

(d) DESCRIPTION OF INTERGOVERNMENTAL AND REDEVELOPMENT AGREEMENTS

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

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(e) DESCRIPTION OF TIF PROJECT(S)

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

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(f) DESCRIPTION OF TIF DEBT INSTRUMENTS

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

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(g) DESCRIPTION OF CITY CONTRACTS

During 1998, there were no City contracts relating to the Project Area.

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(h) SUMMARY OF PRIVATE AND PUBLIC INVESTMENT ACTIVITY

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

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(i) DESCRIPTION OF PROPERTY TRANSACTIONS

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

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

CITY OF CHICAGO, ILLINOIS
72ND AND CICERO
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 1998 AND 1997

CITY OF CHICAGO, ILLINOIS

72ND AND CICERO REDEVELOPMENT PROJECT

C O N T E N T S

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

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 sheets of the 72nd and Cicero Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998 and 1997, and the related statements of revenues and changes in fund balance for the years then ended. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 72nd and Cicero Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998 and 1997, and the results of its operations and changes in fund balance for the years then ended in conformity with generally accepted accounting principles.

As explained in Note 1 to the financial statements, in 1998 the 72nd and Cicero Redevelopment Project of the City of Chicago, Illinois changed its method of accounting for investments.

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

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of cash activities on page 9, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the financial statements of 72nd and Cicero 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.

Bonsley and Kiener, L.L.P.

Certified Public Accountants

May 4, 1999

CITY OF CHICAGO, ILLINOIS
72ND AND CICERO REDEVELOPMENT PROJECT

BALANCE SHEETS
DECEMBER 31, 1998 AND 1997

<u>A S S E T S</u>	<u>1998</u>	<u>1997</u>
Cash and investments	\$542,325	\$372,945
Property taxes receivable	157,000	135,000
Accrued interest receivable	<u>17,465</u>	<u>11,628</u>
Total assets	<u>\$716,790</u>	<u>\$519,573</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Deferred revenue	\$157,000	\$135,000
Fund balance	<u>559,790</u>	<u>384,573</u>
Total liabilities and fund balance	<u>\$716,790</u>	<u>\$519,573</u>

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

CITY OF CHICAGO, ILLINOIS
72ND AND CICERO REDEVELOPMENT PROJECT

STATEMENTS OF REVENUES AND CHANGES IN FUND BALANCE
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Revenues		
Property tax	\$157,752	\$125,561
Interest	<u>17,465</u>	<u>11,649</u>
Total revenues	175,217	137,210
Fund balance, beginning of year	<u>384,573</u>	<u>247,363</u>
Fund balance, end of year	<u>\$559,790</u>	<u>\$384,573</u>

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

CITY OF CHICAGO, ILLINOIS
72ND AND CICERO REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The 72nd and Cicero Tax Increment Redevelopment Project Area (Project) was established in November 1993. The area has been established to finance improvements, leverage private investment and create and retain jobs. Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

Basis of Accounting

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

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

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

Management's Use of Estimates

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

Illinois Tax Increment Redevelopment Allocation Act Compliance

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

CITY OF CHICAGO, ILLINOIS
72ND AND CICERO REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

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

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

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

Property Taxes

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

REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

YEAR 2000 READINESS DISCLOSURE (UNAUDITED)

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

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

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

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

Remediation Stage - Making changes to systems and equipment.

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

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

Mission Critical Applications

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

Embedded Systems

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

YEAR 2000 READINESS DISCLOSURE (UNAUDITED)
(Continued)

Other Considerations

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

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

SUPPLEMENTARY INFORMATION

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

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities		
Property taxes received	\$157,752	\$125,561
Interest received	<u>11,628</u>	<u>19</u>
Increase in cash and investments	169,380	125,580
Cash and investments, beginning of year	<u>372,945</u>	<u>247,365</u>
Cash and investments, end of year	<u>\$542,325</u>	<u>\$372,945</u>
Reconciliation of revenues to net cash provided by operating activities		
Revenues	\$175,217	\$137,210
Adjustments to reconcile revenues to net cash provided by operating activities		
Changes in assets - (increase) decrease		
Property tax receivable	(22,000)	1,380
Accrued interest receivable	(5,837)	(11,630)
Changes in liabilities - increase (decrease)		
Deferred revenue	<u>22,000</u>	<u>(1,380)</u>
	<u>\$169,380</u>	<u>\$125,580</u>

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS

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

<u>YEAR</u>	<u>MUNICIPAL SALES TAX INCREMENT</u>	<u>STATE SALES TAX INCREMENT</u>	<u>MUNICIPAL UTILITY TAX INCREMENT</u>	<u>NET STATE UTILITY TAX INCREMENT</u>	<u>INITIAL EAV</u>	<u>TOTAL 1997 EAV</u>	<u>TOTAL INCREMENTAL PROPERTY TAXES 1997</u>
1998	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)	\$6,499,683	\$8,283,612	\$157,753

(1) N.A. - not applicable.

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

(I) CERTAIN CONTRACTS OF TIF CONSULTANTS

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

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

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

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

**72nd-Cicero Redevelopment Project Area
1998 Annual Report**

**ATTACHMENT
REDEVELOPMENT PLAN**

72ND STREET AND CICERO AVENUE AREA

**TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

**This Redevelopment Plan is
subject to comment and may be
revised after comment and hearing.**

**CITY OF CHICAGO
Richard M. Daley, Mayor**

TABLE OF CONTENTS

1.	INTRODUCTION	1
2.	REDEVELOPMENT PROJECT AREA BOUNDARY DESCRIPTION	6
3.	REDEVELOPMENT PROJECT AREA GOALS AND POLICIES	8
--	General Goals	8
--	Policies	9
4.	CONSERVATION AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA	10
5.	72ND STREET AND CICERO AVENUE TAX INCREMENT FINANCING REDEVELOPMENT PROJECT	14
--	Redevelopment Plan and Project Objectives	14
--	Redevelopment Activities	15
--	General Land-Use Plan	18
--	Estimated Redevelopment Project Costs	20
--	Sources of Funds to Pay Redevelopment Project Costs	22
--	Issuance of Obligations	22
--	Most Recent Equalized Assessed Valuation	22
--	Anticipated Equalized Assessed Valuation	23
6.	PHASING AND SCHEDULING OF REDEVELOPMENT PROJECT	24
7.	PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN	25
8.	AFFIRMATIVE ACTION PLAN	26

LIST OF TABLE AND FIGURES

TABLES

Table 1	Estimated Redevelopment Project Costs 72nd Street and Cicero Avenue TIF Redevelopment Project Area	21
Table 2	Estimated 1992 Equalized Assessed Valuation	23

FIGURES

Figure 1	Boundary Map	7
Figure 2	Summary of Conservation Area Factors	13
Figure 3	Development Program	17
Figure 4	Land-Use Plan	19

1.
INTRODUCTION

Manufacturing has played a pivotal role in the nation's economy and in the emergence of the United States as a world power. In 1920, manufacturing surpassed agriculture as the major employer in the country, and it held that position until the mid-1980s when it was passed by the service sector. Today, there is a restructuring of America's industrial sector, largely due to technological changes and competitive global markets. Underlying this restructuring are a number of significant trends. Dr. David Birch, identifies these trends in the book, *America's Future Industrial Space Needs. Preparing for the Year 2000*. Among these are:

1. Shift in the mix of industries and types of goods being manufactured--Emphasis has gone from basic industries, such as steel, food, cars and clothing to plastics, electronics, computers, pharmaceuticals, etc.
2. Shift in the size of manufacturers--Most of the nation's recent industrial growth comes from small to mid-size companies which are innovative and grow rapidly.
3. Shifts in geographical location--Manufacturers are no longer dependent upon the location of raw materials and traditional distribution methods. As a result, there is movement from the older rustbelt states of Ohio, Michigan, Pennsylvania and Illinois, to the sunbelt and western states.
4. Changing role for exporters--Increasing levels of foreign trade have resulted in expansion of the nation's wholesale trade sector at the expense of manufacturing.
5. Available labor pool--In the 1970s and 1980s, large numbers of new workers were available and absorbed into the work force. Future economic growth may be constrained by the availability of a labor force which is appropriately trained and skilled.

Dr. Birch states that continued industrial growth in the U.S. will result from high technology manufacturing and from traditional industries in which innovation comes from doing things in new, more competitive ways. A few examples of this innovation are the use of lasers to cut blouses, robots to assemble machines, computers to operate equipment and cryogenic technology to store frozen foods.

The restructuring of the country's industrial sector has greatly impacted major cities throughout the Northeast and Midwest, and many have seen the industrial bases in their cities change significantly. Major employers have downsized, relocated and/or gone out of business, and jobs for residents have disappeared. As a result, buildings and parts of buildings stand vacant, many of them made obsolete by contemporary industrial standards; tax bases erode; property values decline; personal income falls; and the impact ripples throughout the economy. Thus, in today's competitive national and international markets, it is extremely important that cities retain and invigorate their manufacturing base.

As in other cities, manufacturing has been the backbone of the economy in Chicago. The Illinois Bureau of Employment Security (IBES) reports that, in 1970, manufacturing totaled 41.5 percent of "covered" employment in the City of Chicago.¹ However, within the past two decades, manufacturing has declined, bringing about losses in the number of industrial firms located in the City as well as declines in employment. According to IBES, in 1984, there were 1,125,827 "covered" employees in the City of Chicago. Of this total, 263,873 (or 23.4 percent) were employed in manufacturing and 339,139 (30.1 percent) were employed in the service sector. In 1990, "covered" employment in the City rose to 1,201,136, a gain of seven percent. During the same six year period, however, manufacturing employment declined by 18 percent to 216,190 while service employment rose by 20 percent to 408,020. In 1990, manufacturing only composed 18.0 percent of "covered" employment while service sector employment increased to 34.0 percent.

Despite these declines, manufacturing still plays an extremely important role in the City's economy. The Economic Development Commission (EDC) of the City of Chicago published a report in August 1991 which addresses the future development of industrial parks within the City. According to data from the Federal Reserve Bank which appeared in this report, 4,500 manufacturing firms are located in the City. They provide over one-quarter of a million jobs and generate millions of dollars in City property tax, head tax and utility tax revenues.

In Chicago, manufacturing remains an important economic engine which sustains neighborhoods, providing well-paying jobs and enhancing the quality of life for residents. Moreover, industrial activity is important because it supports a number of other sectors of the local economy, bringing increases in employment and revenue to the City. The University of Illinois' Bureau of Business Research concludes that because of income paid to workers which is then spent elsewhere in the community and the connection between manufacturing and other economic areas, each manufacturing job supports approximately 3.2 other jobs. This compares to lower paying service sector jobs which support 1.7 additional jobs.

The previously cited EDC report includes the findings of a survey conducted among local manufacturers. It indicates that Chicago has many important advantages for industrial companies. These include access to suppliers and markets, an excellent transportation network, large labor force, and an abundant, high quality water supply and treatment service. Various factors contribute to a firm's decision to relocate from, or not locate within the City, but the one cited most often is the lack of modern industrial space for expanding businesses.

Currently, the City has expressed a policy to maintain and enhance its existing industrial base, and has undertaken actions and adopted ordinances to improve and build upon it. Although the City has suffered from some significant losses, such as the departure of Spiegel, Inc. to Ohio, it is committed to preserving and improving its economic stature. The creation and preservation of jobs is a major economic development goal of the City. The City encourages economic diversity to enable it to reach this goal, adapt to changes in the regional and international market, and absorb the impact of these changes.

Industrial activity plays a significant role in a diversified economy. It provides highly paid employment for residents, supports important secondary jobs, and is an incubator for innovation

¹ "Covered" employment is defined as all employees covered by the Illinois Unemployment Insurance Act. The employment figures do not include State of Illinois workers because that data is not available by place of work.

from which new technologies and industries are created. To support the job creation goal, the City has adopted an industrial land use policy which seeks to:

1. Provide opportunities for synergy between related industrial activities;
2. Minimize the conflicts between industrial and other land uses;
3. Maximize the benefits of public investment in capital programming related to industrial investment.

The 72nd Street and Cicero Avenue Area encompasses approximately 72.5 acres and is composed of the Ford City Industrial Complex, including related parking and loading areas and service roads. It is immediately north of the Ford City Shopping Center. The building as well as the northern portion of the Ford City Shopping Center were originally constructed as one complex. It was part of the former Ford Motor Company airplane engine testing plant, built at the beginning of World War II (early 1940s). Currently, the major tenant in the industrial building is Tootsie Roll Industries Inc. (Tootsie Roll), which occupies 1,700,000 square feet of the 2,490,613 square foot building. Tootsie Roll employs over 950 in this plant. Other tenants include Knight Paper Box Company, Winfield Paper, and Transload Lumber. Sweetheart Cup formerly occupied over 500,000 square feet, which is now vacant.

The 72nd Street and Cicero Avenue Area is surrounded by the Ford City Shopping Center on the south, industrial uses on the east, vacant land on the north and east, and the Cicero Avenue commercial corridor on the west. The Area is impacted by functional and economic obsolescence due to single purpose design, operational problems, inadequate parking, loading and service restraints, and limited access. The sections of the building occupied by Tootsie Roll suffer from advanced building defects, including deteriorated roofing and seepage throughout. These problems have resulted in the total vacancy of the Sweetheart Cup Company area and the need for capital improvements to the building, premises and related operational functions.

Access to the Area is provided by Cicero Avenue which connects to nearby expressways and major arterials. Private roads (72nd Street and Kostner Avenue) run along the north and east sides of the Area and connect to 77th Street to the south.

Existing site and development constraints must be overcome before achievement of the City's objectives for the maintenance and enhancement of its industrial base through private investment in new construction, modernization and expansion. Although City initiatives and expenditures have stimulated private investment in other industrial areas, the 72nd and Cicero Redevelopment Area as a whole (the "Redevelopment Project Area") has not been subject to growth and development through investment by private enterprise, and is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of the Tax Increment Financing Redevelopment Project and Plan and the substantial investment of public funds.

Tax Increment Financing

In January, 1977, tax increment financing ("TIF") was made possible by the Illinois General Assembly through passage of the *Tax Increment Allocation Redevelopment Act* (hereinafter referred to as the "Act.") The Act is found in Illinois Revised Statutes, Chapter 24, Section 11-74.4-1 *et seq.*, as amended. The Act provides a means for municipalities, after the approval of a "redevelopment plan and project", to redevelop "blighted," "conservation" or "industrial park conservation" areas and to finance public redevelopment costs with incremental real estate tax revenues. Incremental real estate tax revenue ("tax increment revenue") is derived from the increase in the equalized assessed valuation ("EAV") of real property within the TIF redevelopment area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate which results in tax increment revenue. A decline in current EAV does not result in a negative real estate tax increment.

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

Tax increment financing does not generate revenues by increasing tax rates. It generates revenues by allowing the municipality to temporarily capture new tax revenues resulting from redevelopment. Under tax increment financing, all taxing districts continue to receive the tax revenue they received prior to redevelopment from property in the area. Taxing districts can receive distributions of excess increment when more tax increment revenue is received than is necessary to pay for expected redevelopment project costs and principal and interest obligations issued to pay such costs. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

The 72nd Street and Cicero Avenue Tax Increment Redevelopment Plan and Project

This 72nd Street and Cicero Avenue Tax Increment Redevelopment Project and Plan (the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private actions in the Redevelopment Project Area.

This Redevelopment Plan also specifically describes the Redevelopment Project Area and sets forth the conservation factors which qualify the Redevelopment Project Area for designation as a conservation area as defined in the Act.

In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. The "Redevelopment Project" as used herein means any development project which may, from time to time, be undertaken to accomplish the objectives of the Redevelopment Plan.

The Redevelopment Project represents an important economic opportunity for the City of Chicago. It will greatly improve the environment for private development, enabling a major manufacturing entity to expand and upgrade its facility. It also will enable the City to achieve three important

objectives: 1) job retention and creation; 2) improvement of its tax base; and 3) retention of a major industrial employer that might otherwise move to the suburbs or out of state.

The goal of the City of Chicago, however, is to ensure that the entire Redevelopment Project Area be redeveloped on a comprehensive and planned development basis in order to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land-use, pedestrian access, vehicular circulation, parking, service and urban design systems will functionally come together, meeting contemporary principles and standards.
2. On a reasonable, comprehensive and integrated basis to ensure that conservation area factors are eliminated.
3. Within a reasonable and defined time period so that the area may contribute productively to the economic vitality of the City.

Redevelopment of the Redevelopment Project Area is a complex undertaking, and it presents challenges and opportunities commensurate with its scale. To a large extent, the success of this effort will depend on the cooperation between the private sector and agencies of local government. The adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for the redevelopment of the Redevelopment Project Area. By means of public investment, the area will become a stable environment that will again attract private investment. Public investment will set the stage for improving the area with private capital.

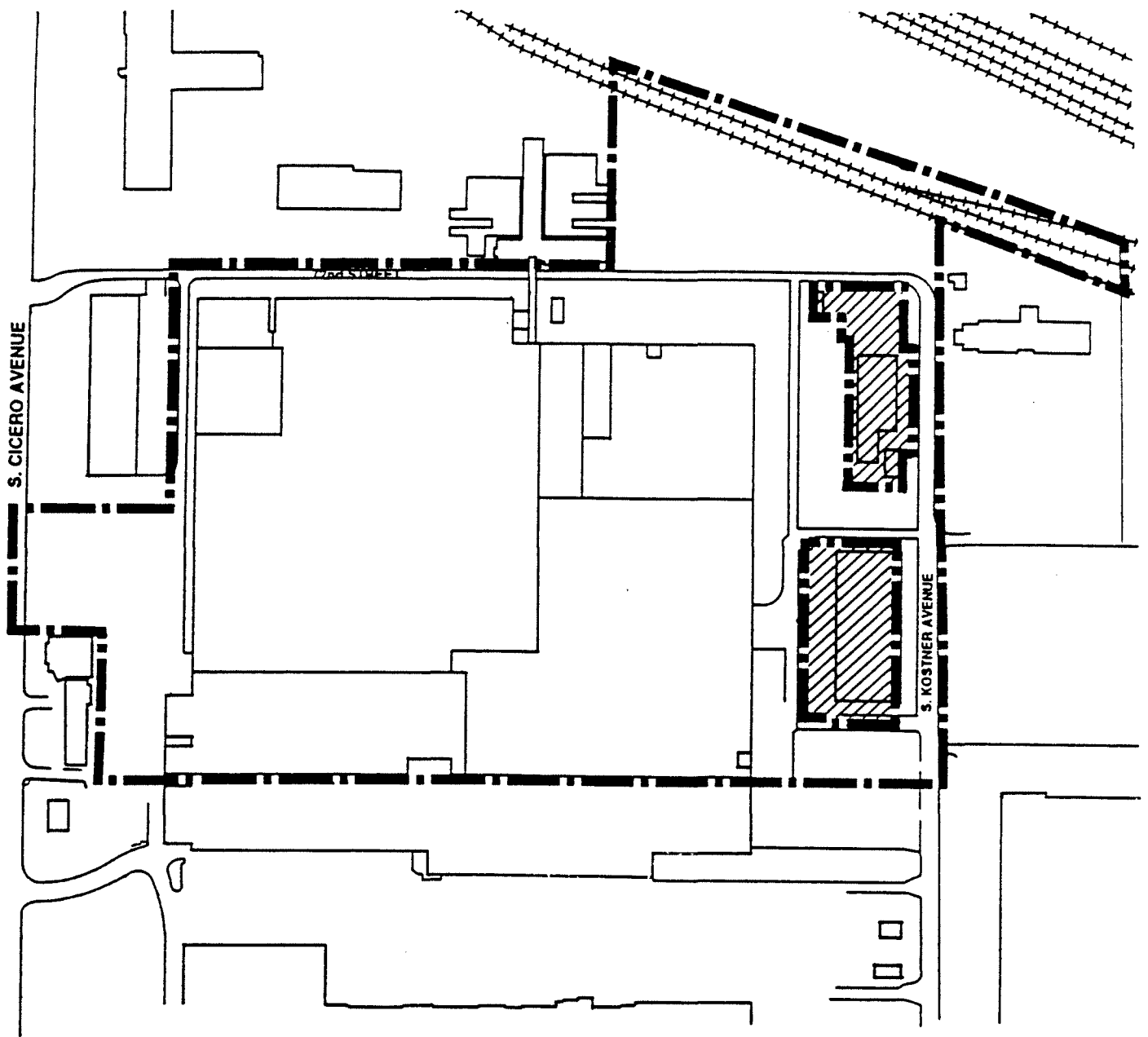
Public and private investment is possible only if TIF is used pursuant to the terms of the Act. The revenue generated by the development will play a decisive role in encouraging private development. Conditions that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan, the City will serve as the central force for marshaling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Implementation of this Redevelopment Plan will benefit the City, its neighborhoods and all the taxing districts which are included in the 72nd Street and Cicero Avenue Project Area in the form of an expanded tax base, employment opportunities and a wide range of other benefits.

2

REDEVELOPMENT PROJECT AREA DESCRIPTION

The boundaries of the 72nd Street and Cicero Avenue Redevelopment Project Area (the "Redevelopment Project Area") have been carefully drawn to include only the real property and improvements thereon substantially benefited by the proposed redevelopment project improvements to be undertaken as part of this Redevelopment Plan. The boundaries are more specifically shown in Figure 1, *Boundary Map*, and more particularly described as follows:

LEGAL DESCRIPTION TO BE ADDED



--- PROJECT BOUNDARY



PROPERTY TO BE EXCLUDED

Figure 1
 PROJECT BOUNDARY
 72ND STREET/ CICERO AVENUE
 TAX INCREMENT FINANCING
 REDEVELOPMENT PROJECT AREA

SCALE 0' 200' 400'



NORTH

Chicago, Illinois

Prepared by: Trida, Pettigrew, Allen & Payne, Inc.

REDEVELOPMENT PROJECT AREA GOALS AND POLICIES

Managed growth in the form of investment in new development and facilities is essential in the Redevelopment Project Area. Redevelopment efforts in the Redevelopment Project Area will strengthen the entire City through additional employment opportunities, increased tax base and infrastructure and environmental improvements.

The Act encourages the public and private sectors to work together to address and solve the problems of urban growth and development. The joint effort between the City and the private sector to redevelop parts of the Redevelopment Project Area will receive significant support from the financing methods made available by the Act.

This section of the Redevelopment Plan identifies the goals and policies of the City for the Redevelopment Project Area. A later section of this Redevelopment Plan identifies the more specific program which the City plans to undertake in achieving the redevelopment goals and policies which have been identified.

General Goals

- Provide infrastructure improvements within the Redevelopment Project Area.
- Encourage industrial development by eliminating the influences and the manifestations of physical and economic deterioration and obsolescence within the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area.
- Revitalize the Redevelopment Project Area to maintain it as an important activity center contributing to the regional and national focus of the City.
- Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties adjacent to the Redevelopment Project Area.
- Provide an increased real estate tax base for the City and other taxing districts extending into the Redevelopment Project Area.

Policies

It is the policy of the City of Chicago to:

- **Foster the City's industrial base and to maintain the City's diversified economy for the general welfare of its citizens;**
- **Encourage industrial investment, modernization, and expansion by providing for stable and predictable industrial environments;**

CONSERVATION AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

The findings presented in this section are based on surveys and analysis conducted for the Redevelopment Project Area. As set forth in the "Act", "conservation area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50 percent or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of three or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; or lack of community planning, is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

While it may be concluded that the mere presence of three or more of the stated factors may be sufficient to make a finding as a conservation area, the evaluation of this report identifies all existing conservation factors so that reasonable persons can conclude not only that statutory compliance exists, but that public intervention is appropriate and necessary.

On the basis of this approach, the Redevelopment Project Area is eligible as a "conservation area" within the requirements of the Act. The Redevelopment Project Area contains one building subdivided into six tenant spaces and a small accessory building used by Commonwealth Edison. The principal building was constructed in the early 1940s, making the structure over 50 years in age. The building used by Commonwealth Edison is over 35 years in age. In addition to age, eight of the fourteen qualifying factors required under the Act are present in the Redevelopment Project Area. These factors are reasonably distributed throughout the entire Redevelopment Project Area. The entire Redevelopment Project Area is impacted by and shows the presence of these conservation factors. Finally, the Redevelopment Project Area includes only real property and improvements substantially benefited by the proposed redevelopment project improvements.

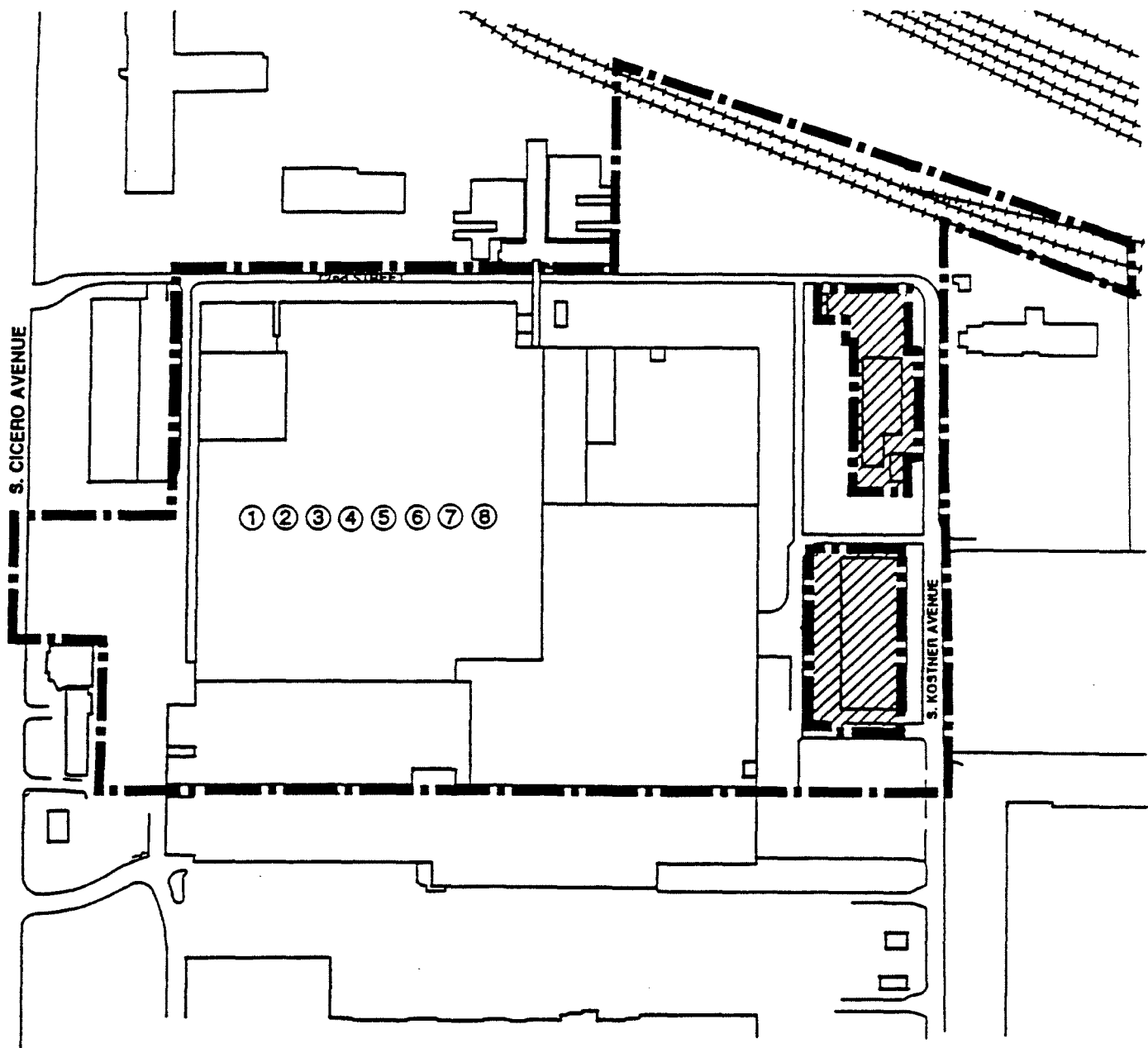
The factors described below and shown in Figure 2, *Summary of Conservation Area Factors*, are present in the area.

1. **Obsolescence**
Obsolescence is present to a major extent. Conditions contributing to this factor include the functional and economic obsolescence of the existing single-purpose building and the inadequate provision for vehicular access, off-street parking and loading.
2. **Deterioration**
Deterioration is present to a major extent and includes deterioration of building components, parking areas, site surface areas, and perimeter street paving.
3. **Structures Below Minimum Code**
The existing structures exhibit advanced defects in components which are below the minimum legal requirements established by the laws, ordinances and regulations of the City.
4. **Excessive Vacancies**
Excessive vacancies are present to a major extent. Over 500,000 square feet of space within the principal building is vacant, and a section containing 8.3 acres of land is vacant.
5. **Excessive Land Coverage**
Excessive land coverage is present to a major extent. The existing building occupies over 75 percent of the site, resulting in limited and confined off-street parking, inadequate service and loading facilities, and limited access from available streets.
6. **Deleterious Land-Use or Layout**
Deleterious land-use or layout is present to a major extent. Conditions contributing to this include the improper placement/setback of the building, inconvenient vehicular circulation, and poorly located off-street parking areas.
7. **Depreciation of Physical Maintenance**
Depreciation of physical maintenance is present to a major extent and includes substantial deferred maintenance on buildings, parking and related storage and loading areas, perimeter streets and site improvements.
8. **Lack of Community Planning**
Lack of community planning is present to a major extent. The Redevelopment Project Area was developed without the benefit or guidance of a community plan with reasonable policies and standards for building setbacks, the location and arrangement of off-street parking, and for ensuring compatible relationships between industrial and retail areas and uses.

The analysis above is based upon surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. The surveys and analyses conducted include:

1. Exterior and interior survey of the condition and use of the entire industrial complex;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of the existing use of the Redevelopment Project Area and its relationships to its surroundings;

4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Analysis of original and current platting and building size and layout;
6. Analysis of vacant portions of the site and building;
7. Analysis of building floor area and site coverage; and
8. Review of previously prepared plans, studies and data.



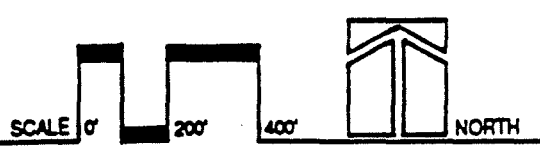
- ① OBSOLESCENCE
- ② DETERIORATION
- ③ STRUCTURES BELOW MINIMUM CODE
- ④ EXCESSIVE VACANCIES
- ⑤ EXCESSIVE LAND COVERAGE
- ⑥ DELETERIOUS LAND USE/ LAYOUT
- ⑦ DEPRECIATION OF PHYSICAL MAINTENANCE
- ⑧ LACK OF COMMUNITY PLANNING

PROJECT BOUNDARY

 PROPERTY TO BE EXCLUDED

Figure 2
SUMMARY OF CONSERVATION FACTORS
72ND STREET/ CICERO AVENUE
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AREA

Chicago, Illinois



Prepared by: Trkla, Pettigrew, Allen & Payne, Inc.

72ND STREET AND CICERO AVENUE TAX INCREMENT FINANCING REDEVELOPMENT PROJECT

This section presents the overall program to be undertaken by the City of Chicago or by private parties acting under redevelopment agreements with the City. It includes a description of redevelopment plan and project objectives, a description of redevelopment activities, a general land-use plan, estimated redevelopment project costs, a description of sources of funds to pay redevelopment project costs, a description of obligations that may be issued, identification of the most recent equalized assessed valuation of properties in the Redevelopment Project Area, and an estimate of anticipated equalized assessed valuation.

In the event the City determines that implementation of certain activities or improvements is not feasible, the City may reduce the scope of the overall program and Redevelopment Project.

Redevelopment Objectives

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a conservation area. Section 4 of this Redevelopment Plan, *Conservation Area Conditions Existing in the Redevelopment Project Area*, describes existing conservation conditions.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, taxable values, and job opportunities.
- Assemble land into parcels functionally adaptable with respect to shape and size for disposition and redevelopment in accordance with contemporary development needs and standards.
- Create an environment which stimulates private investment in new construction, expansion, and rehabilitation.
- Achieve development which is integrated both functionally and aesthetically with nearby existing development, and which contains a complementary mix of uses.
- Encourage a high quality appearance of buildings, rights-of-way and open spaces as well as high standards of design.
- Provide sites for needed public improvements or facilities in proper relationship to the projected demand for and in accordance with accepted design criteria for such facilities.
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts.

- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Redevelopment Project Area.
- Implement and achieve the Redevelopment Project Area Goals and Policies as set forth in Section 3 of this Redevelopment Plan.

Redevelopment Plan and Project Activities

The City proposes to achieve its redevelopment goals, policies and objectives for the Redevelopment Project through public financing techniques, including tax increment financing, and by undertaking some or all of the following actions:

1. Property Acquisition, Site Preparation, Demolition and Redevelopment

Property acquisition and land assembly by the private sector for rehabilitation or redevelopment in accordance with this Redevelopment Plan will be encouraged. To achieve the renewal of the Redevelopment Project Area, property identified in *Development Program*, Figure 3, attached hereto and made a part hereof, may be acquired by purchase, exchange or long-term lease by the private sector or the City of Chicago and cleared of all improvements and either (a) sold or leased for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or recreational facilities.

The City may determine that to meet the goals, policies or objectives of this Redevelopment Plan property may be acquired where: a) the current use of the property is not permitted under this Redevelopment Plan; b) the exclusion of the property from acquisition would have a detrimental effect on the disposition and development of adjacent and nearby property; or c) the owner or owners are unwilling or unable to conform the property to the land-use and development objectives of this Redevelopment Plan. Further, the City may require written redevelopment agreements with developers before acquiring any properties.

Clearance and demolition activities will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized. Clearance and demolition activities will include demolition of buildings, breaking-up and removal of old foundations, excavation and removal of soil and other materials to create suitable sites for new development, and provision of storm drainage.

As an incidental but necessary part of the redevelopment process, the City may devote property which it has acquired to temporary uses until such property is scheduled for disposition and redevelopment.

2. Rehabilitation of Existing Buildings and Fixtures

Existing buildings are in need of rehabilitation, modernization and expansion in order to overcome existing obsolescence and to maintain their competitive position in the market. Rehabilitation includes upgrading all building systems, including electrical,

plumbing, utility, mechanical, ventilation and HVAC; and repair of all building components, including roof, walls, windows, floors, etc.

3. Provision of Public Improvements

Adequate public improvements and facilities will be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to, the following:

A. Utilities

Adjustments and modifications to utility lines as may be necessary to facilitate and serve redevelopment in accordance with the objectives and provisions of this Redevelopment Plan.

B. Streets and Public Rights-Of-Way

The resurfacing, widening, reconstruction, closing, removal and other improvements of streets and other public rights-of-way.

C. Landscape

Landscape/buffer improvements, street lighting and general beautification improvements.

4. Environmental Remediation

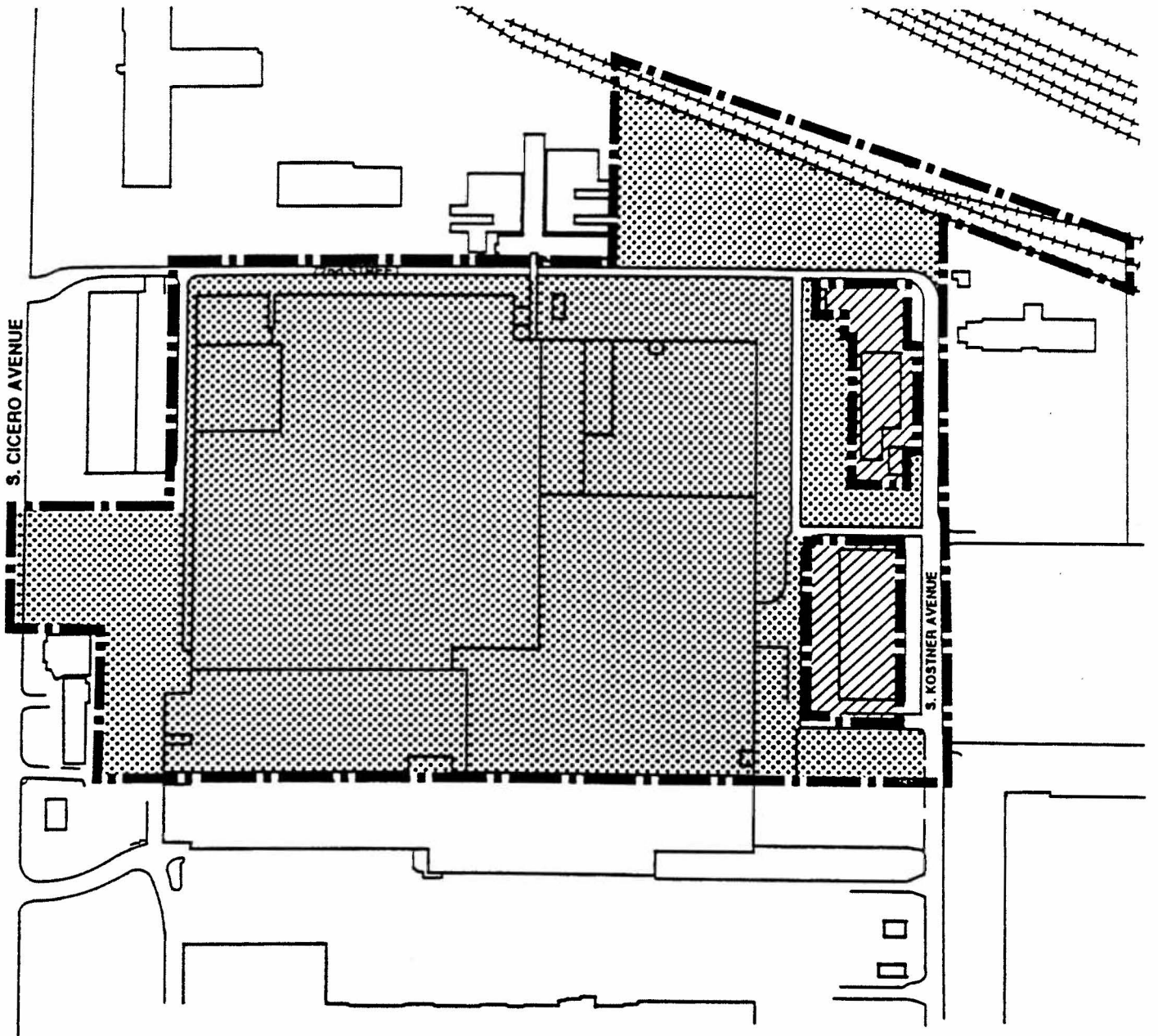
Redevelopment of the Redevelopment Project Area may necessitate several actions which relate to environmental remediation. These include, but are not limited to, asbestos removal and abatement.

5. Job Training and Related Educational Programs

A range of programs designed to increase the skills of existing employees may be implemented. Other programs may be created for future employees so that they can take advantage of the employment opportunities within the Redevelopment Project Area.

6. Analysis, Administration, Studies, Surveys, Legal, et al.

Activities include the long-term management of the TIF Program as well as the costs of establishing the program and designing its components.



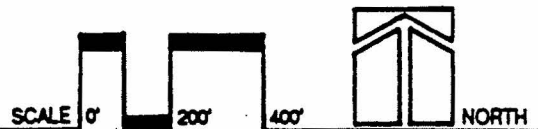
 PROPERTY TO BE ACQUIRED/
REHABILITATED OR REDEVELOPED

 PROJECT BOUNDARY

 PROPERTY TO BE EXCLUDED

Figure 3
DEVELOPMENT PROGRAM
72ND STREET/ CICERO AVENUE
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AREA

Chicago, Illinois



Prepared by: Tricia Pettigrew, Allen & Payne, Inc.

7. **Redevelopment Agreements**

Land assemblage which may be by purchase, exchange, donation, lease, or eminent domain shall be conducted for (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Terms of conveyance shall be incorporated in appropriate disposition agreements which may contain more specific controls than those stated in this Redevelopment Plan.

General Land-Use Plan

Figure 4, *Land-Use Plan*, attached hereto and made a part hereof, identifies land-uses and public rights-of-way to be in effect upon adoption of this Redevelopment Plan. The major land-use category included within the Redevelopment Project Area is industrial.

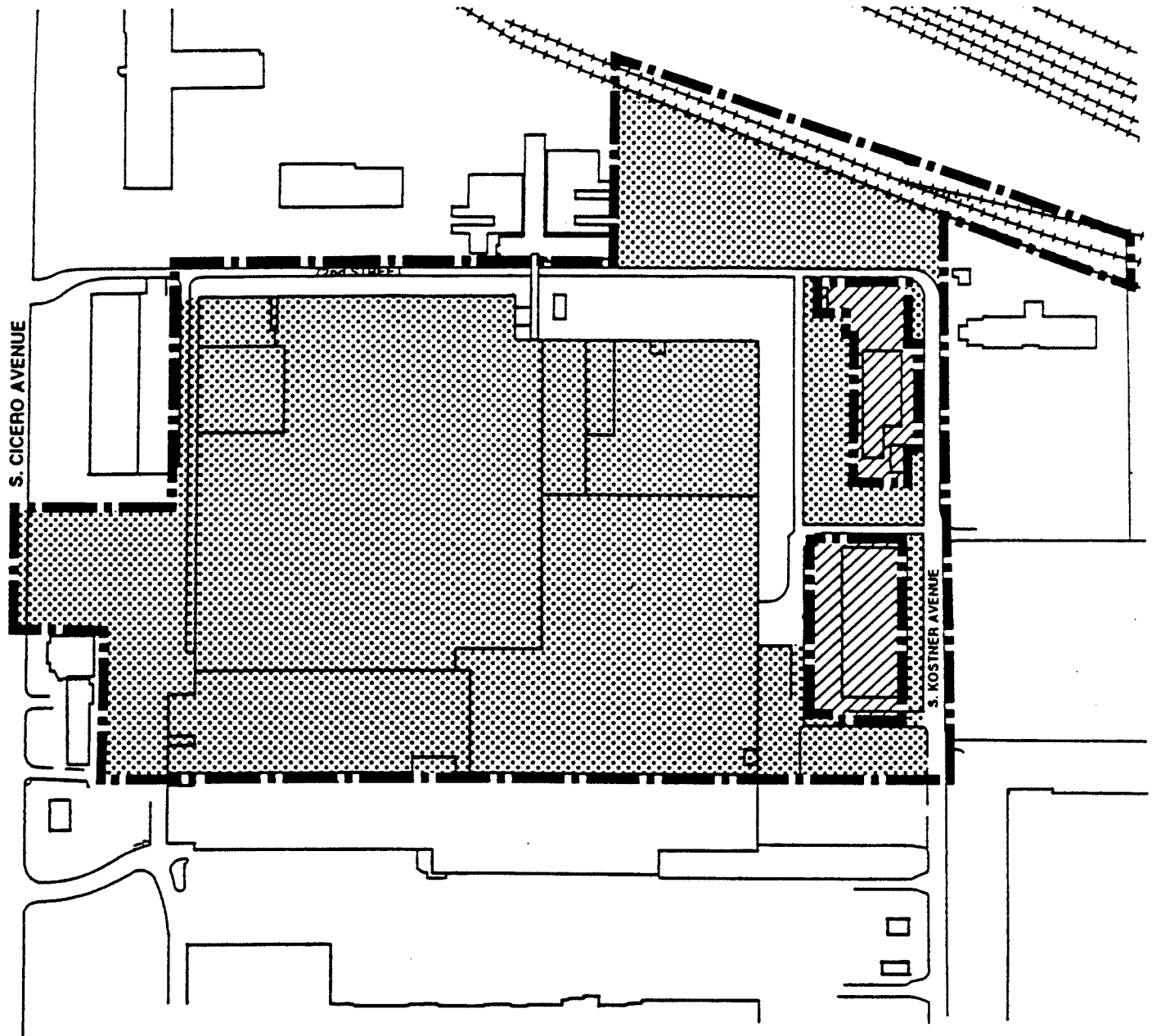
The Redevelopment Plan and the Redevelopment Project conform to the 1966 comprehensive plan for development of the City of Chicago as a whole. Further, the Redevelopment Plan and Redevelopment Project are consistent with, and are established pursuant to implementation of, general municipal development objectives and policies contained in development plans previously adopted by the City of Chicago and the Chicago Zoning Ordinance. The property on which the buildings are located is zoned M2-2, General Manufacturing District. The vacant property north of 72nd Street and south of the Clearing Rail Yard in the northwest corner of the Redevelopment Project Area is zoned C4, Motor Freight Terminal District.

All major thoroughfares and street rights-of-way are shown on the *Land-Use Plan* map. Their locations are subject to modification.

The Land-Use Plan as designated in Figure 4 provides a guide for future manufacturing-related land-use improvements and developments within the Redevelopment Project Area. It conforms to the Chicago Zoning Ordinance, which is cited below.

The following uses are permitted inclusive, provided that within 300 feet of a Residence District all business, servicing, or processing shall take place within completely enclosed buildings, unless otherwise indicated and except for automated teller machines and off-street parking and loading. Within 300 feet of a Residence District, all storage, except of motor vehicles, shall be within completely enclosed buildings or may be located out-of-doors if it is effectively screened by a solid wall or fence (including solid entrance and exit gates) at least eight feet in height.

1. Any production, processing, cleaning, servicing, testing, repair or storage of materials, goods or products which shall not be injurious or offensive to the occupants of adjacent premises by reason of the emission or creation of noise, vibration, smoke, dust or other particulate matter, toxic and noxious materials, odors, fire or explosive hazards, or glare or heat.
2. Other compatible uses as defined in the Chicago Zoning Ordinance and approved by the City.



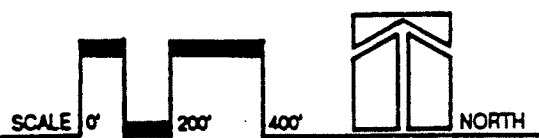
 INDUSTRIAL

 PROJECT BOUNDARY

 PROPERTY TO BE EXCLUDED

Figure 4
LAND-USE PLAN
72ND STREET/ CICERO AVENUE
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AREA

Chicago, Illinois



Prepared by: Trkla, Pettigrew, Allen & Payne, Inc.

Special uses, performance standards, and use and bulk regulations as set forth in the Chicago Zoning Ordinance are applicable to development within the Redevelopment Project Area.

Estimated Redevelopment Project Costs

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 pursuant to the Act. Such costs include the following:

1. Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan, including but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services (provided however that no charges for professional services may be based on a percentage of the tax increment collected).
2. Property assembly costs, including but not limited to, acquisition of real or personal property, or rights or interests therein, demolition of buildings, and the clearing and grading of land.
3. Costs of rehabilitation, reconstruction, repair or remodeling of existing public and private buildings and fixtures.
4. Costs of the construction of public works or improvements.
5. Costs of job training and retraining projects.
6. Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months thereafter, including reasonable related reserves.
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project and incurred in furtherance of the redevelopment plan and project, to the extent a municipality by written agreement accepts and approves such cost.
8. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law.
9. Payment in lieu of taxes.
10. Costs of job training, vocational education or career education, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing authority or taxing districts other than the municipality, are set forth in a written agreement among the municipality and the taxing authority 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.

11. Interest cost incurred by a developer 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 (the fund into which the incremental tax proceeds are deposited as pursuant to the Act);
 - b. Such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the developer with regard to the redevelopment project during that year;
 - c. If there are not sufficient funds available in the special tax allocation fund to make such payments, 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 this Act may not exceed 30 percent of the total (A) costs paid or incurred by the developer for such redevelopment project plus (B) redevelopment project costs, including any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act.

A range of activities and improvements will be required to implement the tax increment redevelopment project. The necessary improvements and their costs are shown in Table 1, *Estimated Redevelopment Project Costs*. To the extent that the City has incurred costs or municipal obligations have been issued to pay for such Redevelopment Project costs in anticipation of the adoption of tax increment financing, the City shall be reimbursed from real estate tax increment revenues for such redevelopment costs. The total redevelopment project costs are intended to provide an upper limit on expenditures. Within this limit, adjustments may be made in line items without amendment of this Redevelopment Plan. Additional funding in the form of State and Federal grants and private developer contributions will be pursued by the City as means of financing improvements and facilities which are of a general community benefit.

Table 1
72ND AND CICERO AVENUE REDEVELOPMENT PROGRAM
ESTIMATED REDEVELOPMENT PROJECT COSTS

PROGRAM ACTION/IMPROVEMENT

Property Acquisition	\$20,500,000
Rehabilitation of Existing Buildings	\$14,050,000
Street and Utility Improvements	\$7,400,000
Environmental Remediation	\$500,000
Job Training and Related Educational Programs	\$750,000
Analysis, Studies, Surveys, Legal, et al.	<u>\$300,000</u>

GROSS PROJECT COST **\$43,500,000***

* Exclusive of capitalized interest, issuance cost, administrative cost, interest and other financing cost.

Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for redevelopment project costs and municipal obligations which have been issued to pay for such costs are to be derived principally from tax increment revenues and proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

The tax increment revenue which will be used to fund tax increment obligations and redevelopment project costs shall be the incremental real property tax revenue. Incremental real property tax revenue is attributable to the increase in the current EAV of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial EAV of each such property in the Redevelopment Project Area. Other sources of funds which may be used to pay for redevelopment costs and obligations issued, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate.

Issuance of Obligations

The City may issue obligations secured by the tax increment special tax allocation fund pursuant to Section 11-74.4-7 of the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area, such ultimate retirement date occurring in the year 2016. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal of and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory sinking fund redemptions.

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

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

Table 2 lists the most recent proposed 1992 equalized assessed valuation of property in the Redevelopment Project Area. The total estimated equalized assessed valuation for the Redevelopment Project Area is \$6,724,527.

Anticipated Equalized Assessed Valuation

In Year 1999 (collection year 2000) when all improvements are completed, the estimated equalized assessed valuation of real property in the Redevelopment Project Area is estimated at \$7,568,500. This estimate is based on several key assumptions, including: 1) redevelopment for the uses specified in this Redevelopment Plan will occur in a timely manner; 2) the market value of the recommended industrial development will increase following completion of the redevelopment activities described in the Redevelopment Plan; and 3) the State Multiplier of 2.0897 as applied to 1992 assessed values will remain unchanged.

TABLE 2
SUMMARY OF ESTIMATED 1992 EQUALIZED ASSESSED VALUATIONS

<u>Parcel Number</u>	<u>Equalized Assessed Value</u>
19-27-100-036	\$67,307
19-27-100-045	<u>\$6,657,220</u>
Total	\$6,724,527

This figure is subject to final verification. Initial EAV is estimated to be \$6,724,527. After verification, the correct figures shall be certified to by the County Clerk of Cook County, Illinois.

6

PHASING AND SCHEDULING OF REDEVELOPMENT PROJECT

A phased implementation strategy will be utilized to achieve a timely and orderly redevelopment of the project area.

It is anticipated that City expenditures for redevelopment project cost will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers.

7

PROVISIONS FOR AMENDING THIS REDEVELOPMENT

This 72nd Street and Cicero Avenue Tax Increment Redevelopment Project and Plan may be amended pursuant to the provisions of the Act.

8

AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the 72nd Street and Cicero Avenue Tax Increment Redevelopment Plan and Project:

- A. The assurance of equal opportunity in all personnel and employment actions with respect to the Plan and Project, including, but not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.
- B. This commitment to affirmative action will ensure that all members of the protected groups, are sought out to compete for all job openings and promotional opportunities.

In order to implement these principles for this Plan and Project, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors and vendors. In particular, parties contracting for work on the Project shall be required to agree to the principles set forth in this section.