
1998 Annual Report

**Near South
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

121 North LaSalle Street
Chicago, Illinois 60602

(312) 744-4190

(312) 744-2271 (FAX)

<http://www.ci.chi.il.us>

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 Near South 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 Near South 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

Near South Redevelopment Project Area
1998 Annual Report

TABLE OF CONTENTS

ANNUAL REPORT - NEAR SOUTH 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.....	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	13
(i) DESCRIPTION OF PROPERTY TRANSACTIONS.....	14
(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER.....	15
(k) DESCRIPTION OF TAX RECEIPTS AND ASSESSMENT INCREMENTS.....	16
(l) CERTAIN CONTRACTS OF TIF CONSULTANTS.....	17
(m) COMPLIANCE STATEMENT PREPARED BY AN INDEPENDENT PUBLIC ACCOUNTANT	18
ATTACHMENT - REDEVELOPMENT PLAN.....	19

Near South Redevelopment Project Area 1998 Annual Report

Purpose of Report:

The purpose of the Annual Report for the Near South 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 Near South 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.

Near South 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.

Near South 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.

Near South 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;

Near South 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;

Near South 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

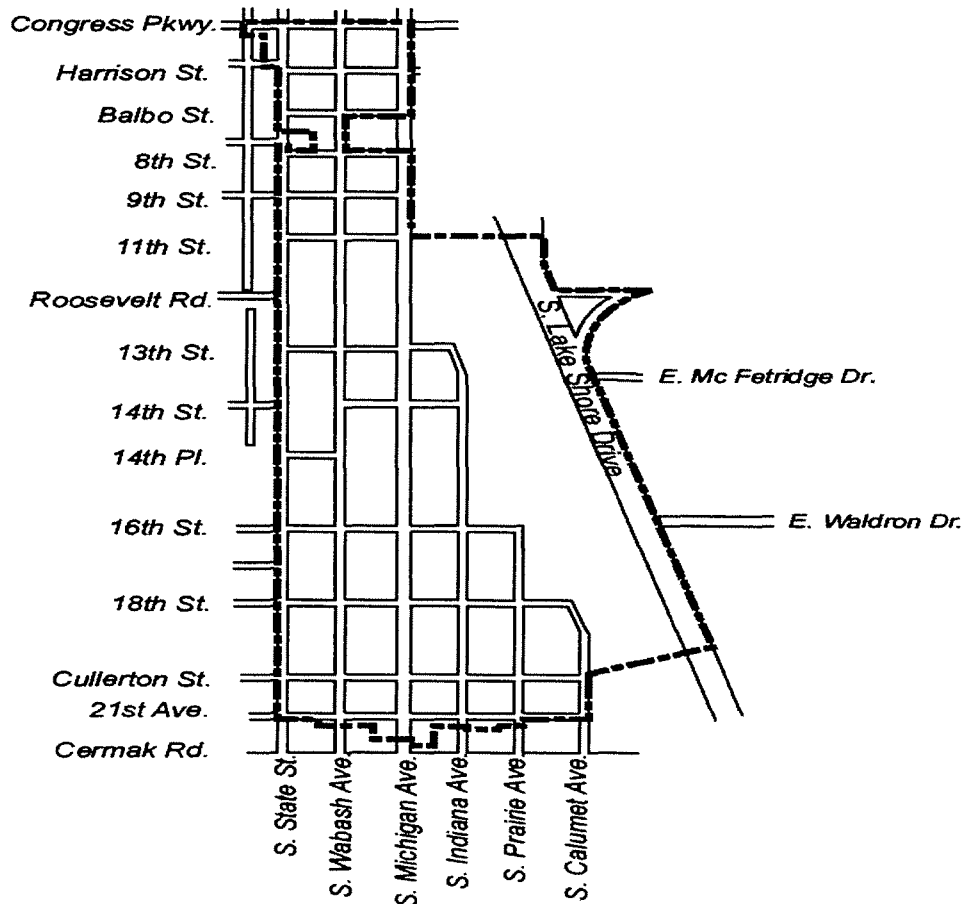
As part of the audit procedures performed by independent accountants, certain compliance tests were performed related to the Project Area. Included in the Annual Report is an audit opinion indicating compliance or non-compliance with the Illinois Tax Increment Allocation Redevelopment Act or the Illinois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

Near South Redevelopment Project Area

1998 Annual Report

(a) GENERAL DESCRIPTION

The Project Area, as amended, is generally bounded by Congress Parkway on the north, Michigan and Calumet Avenues and Lake Shore Drive on the east, 21st Street and the northern boundary of the Michigan/Cermak Project Area on the South, and State Street 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).



Near South Redevelopment Project Area
1998 Annual Report

(b) DATE OF DESIGNATION AND TERMINATION

The Project Area was designated by the Chicago City Council on November 28, 1990 as "Central Station," and amended on August 3, 1994 as "Near South." The Project Area may be terminated no later than November 28, 2013.

(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.

**Near South Redevelopment Project Area
1998 Annual Report**

(e) DESCRIPTION OF TIF PROJECT(S)

**TABLE E
DESCRIPTION OF TIF PROJECTS APPROVED BY THE COMMUNITY DEVELOPMENT COMMISSION WITH EXPENDITURES
DURING THE PRIOR CALENDAR YEAR**

<u>NATURE OF PROJECT</u>	<u>BUDGETED PROJECT COST</u>	<u>TIF ASSISTANCE ALLOCATED TO THE PROJECT</u>	<u>ESTIMATED TIMETABLE</u>	<u>PRIOR YEAR CHANGES IN TIMETABLE</u>	<u>TOTAL CITY TAX INCREMENT EXPENDITURES DURING 1998</u>	<u>TOTAL CITY TAX INCREMENT EXPENDITURES TO DATE</u>	<u>TYPE OF TIF FINANCING</u>	<u>DATE OF TIF FINANCING</u>	<u>TERM OF TIF FINANCING</u>	<u>PRINCIPAL AMOUNT OF TIF FINANCING</u>	<u>PROJECT RECIPIENT</u>	<u>PURPOSE OF PROJECT FINANCING</u>
Property Assembly Costs	\$16,833,900	\$580,500	12/99	NA (1)	\$580,500	\$580,500	1994 Bonds	12/1/94	NA (1)	\$23,000,000	Lakefront Single Room Occupancy Corp.	land acquisition

(1) NA - not applicable.

**Near South Redevelopment Project Area
1998 Annual Report**

(f) DESCRIPTION OF TIF DEBT INSTRUMENTS

**TABLE F
DESCRIPTION OF TIF DEBT INSTRUMENTS RELATED TO THE PROJECT AREA - TERMS**

<u>NAME OF DEBT INSTRUMENT</u>	<u>DATE</u>	<u>PRINCIPAL</u>	<u>INTEREST RATE</u>	<u>SECURITY</u>	<u>TYPE</u>	<u>UNDERWRITERS</u>	<u>TRUSTEES</u>	<u>INTEREST PAID DURING 1998</u>	<u>PRINCIPAL PAID DURING 1998</u>
City of Chicago, Tax Increment Allocation Bonds (Near South Redevelopment Project), Series 1994A	12/1/94	\$23,000,000	9.25%	Incremental Taxes	Tax Increment Allocation Bond	Gardner Rich & Company	Cole Taylor Bank	\$2,127,500	\$0

**Near South Redevelopment Project Area
1998 Annual Report**

(g) DESCRIPTION OF CITY CONTRACTS

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

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1998	PERCENT OF COMPENSATION PAID TO DATE
Guy A. Romito & Associates	Term Agreement	Studies/Plan/Admin.	\$2,000	100%
William A. McCann & Associates	Term Agreement	Studies/Plan/Admin.	\$5,928	100%
Joseph A. Renzi & Associates	Term Agreement	Studies/Plan/Admin.	\$2,500	100%
Gibbons & Gibbons	Term Agreement	Studies/Plan/Admin.	\$900	100%
HNTB	Term Agreement	Studies/Plan/Admin.	\$14,467	100%
Baird Land Surveyors	1998	Studies/Plan/Admin.	\$5,982	100%
Earl L. Neal & Associates	1998	Studies/Plan/Admin.	\$24,971	100%
Advertising Flag Co.	1998	Public Works/Improvements	\$3,543	100%
Cook County Treasurer	1998	Property Assembly Costs	\$1,086,686	100%
Accurate Reporting Company, Inc.	1998	Studies/Plan/Admin.	\$25	100%
Cook County Recorder of Deeds	1998	Studies/Plan/Admin.	\$72	100%
Chicago Title Insurance Co.	1998	Studies/Plan/Admin.	\$750	100%
Cook County Treasurer	1998	Property Assembly Costs	\$1,165,267	100%
William A. McCann & Associates	Term Agreement	Studies/Plan/Admin.	\$3,072	100%

**Near South Redevelopment Project Area
1998 Annual Report**

CONTRACTING PARTIES WITH THE CITY OF CHICAGO	DATE OF EXECUTION	PURPOSE	AMOUNT OF COMPENSATION PAID IN 1998	PERCENT OF COMPENSATION PAID TO DATE
Engineers International, Inc.	Term Agreement	Public Works/Improvements	\$711	95%
Material Testing Laboratories	Term Agreement	Public Works/Improvements	\$6,982	95%
Ciorba Group	Term Agreement	Public Works/Improvements	\$2,675	95%
Professional Service Industries, Inc.	Term Agreement	Public Works/Improvements	\$2,628	95%
Knight Architects Engineers & Planners, Inc.	Term Agreement	Public Works/Improvements	\$3,860	95%
South Shore Bank	1998	Financing	\$3,096	100%
Compaq Computer Corp.	Term Agreement	Studies/Plan/Admin.	\$19,411	100%
Bansley & Kiener	1998	Studies/Plan/Admin.	\$3,000	100%
Ernst & Young	1998	Studies/Plan/Admin.	\$7,692	100%
Chicago Bureau of Electricity	1998	Public Works/Improvements	\$13,689	95%
City of Chicago Dept. of Transportation	1998	Public Works/Improvements	\$11,070	95%
City of Chicago Dept. of Sewers	1998	Public Works/Improvements	\$401,820	100%
Comptroller Accrual	1998	Public Works/Improvements	(\$2,231)	100%
City TIF Program Administration	1998	Studies/Plan/Admin.	\$188,256	100%

Near South 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.

Near South Redevelopment Project Area 1998 Annual Report

(i) DESCRIPTION OF PROPERTY TRANSACTIONS

TABLE I
DESCRIPTION OF PROPERTY TRANSACTIONS OCCURRING
WITHIN THE PROJECT AREA

	<u>LOCATION</u>	<u>TYPE OF PROPERTY</u>	<u>SIZE OF PROPERTY</u>	<u>NAME OF TRANSFEROR/ LESSOR</u>	<u>DATE OF TRANS.</u>	<u>COMPENSATION PAID FOR PROPERTY</u>	<u>RENTAL AMOUNT</u>	<u>PURCHASED OR EMINENT DOMAIN</u>	<u>DURATION OF LEASE</u>	<u>PURPOSE OF RENTAL</u>
PROPERTY ACQUISITION BY THE CITY THROUGH THE EXPENDITURE OF TIF FUNDS	1147-57 S. Wabash	Commercial	N.A. (2)	Roosevelt, Wabash, L.L.C.	12-29-98	\$2,250,000	N.A. (1)	E.D.	N.A. (1)	N.A. (1)
PROPERTY TRANSFERRED BY THE CITY THROUGH THE REDEVELOPMENT PLAN FOR THE PROJECT AREA	1710-14 S. Wabash	vacant lot	50x165	Chicago Investments, Inc.	12-08-98	\$ 117,000	N.A. (1)	N.A. (1)	N.A. (1)	N.A. (1)

(1) N.A. - not applicable.

(2) N.A. - not available.

Near South Redevelopment Project Area
1998 Annual Report

(j) FINANCIAL SUMMARY PREPARED BY THE CITY COMPTROLLER

DECEMBER 31, 1998 AND 1997

FINANCIAL REPORT

REDEVELOPMENT PROJECT

NEAR SOUTH

CITY OF CHICAGO, ILLINOIS

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH 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
Combined balance sheets	3
Combined statements of revenues, expenditures and changes in fund balance - governmental funds	4
Notes to combined financial statements	5-7
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Year 2000 readiness disclosure	8-9
SUPPLEMENTARY INFORMATION	
Schedule of cash activities	10
Schedule of expenditures by statutory code	11

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 combined balance sheet of the Near South Redevelopment Project of the City of Chicago, Illinois, as of December 31, 1998, and the related combined statements of revenues, expenditures and changes in fund balance - governmental funds for the years ended December 31, 1998 and 1997. These combined financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. We previously audited and reported upon the balance sheet as of December 31, 1997, totals of which are included for comparative purposes only.

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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

The year 2000 information on pages 8 and 9 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 audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The schedule of cash activities on page 10 and the schedule of expenditures by statutory code on page 11, 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 combined financial statements of Near South Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the combined financial statements taken as a whole.

Pensley and Kiener, L.L.P.

Certified Public Accountants

May 18, 1999

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

COMBINED BALANCE SHEETS
DECEMBER 31, 1998
(With Comparative Totals for 1997)

<u>A S S E T S</u>	<u>Governmental Funds</u>	<u>General Long-term Debt Account Group</u>	<u>Total 1998</u>	<u>Total 1997</u>
Cash and investments	\$14,804,319	\$ -	\$14,804,319	\$11,711,262
Property taxes receivable	5,897,000	-	5,897,000	3,720,000
Accrued interest receivable	195,504	-	195,504	59,184
Amount available for debt service	-	11,669,490	11,669,490	9,073,882
Amount to be provided for retirement of general long-term debt	<u>-</u>	<u>11,330,510</u>	<u>11,330,510</u>	<u>13,926,118</u>
Total assets	<u>\$20,896,823</u>	<u>\$23,000,000</u>	<u>\$43,896,823</u>	<u>\$38,490,446</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
Vouchers payable	\$ 2,375,906	\$ -	\$ 2,375,906	\$ 108,855
Accrued interest payable	289,576	-	289,576	265,938
Due to other City funds	590,076	-	590,076	125,777
Deferred revenue	5,897,000	-	5,897,000	3,568,112
Bonds payable (Note 2)	<u>-</u>	<u>23,000,000</u>	<u>23,000,000</u>	<u>23,000,000</u>
Total liabilities	<u>9,152,558</u>	<u>23,000,000</u>	<u>32,152,558</u>	<u>27,068,682</u>
Fund balance				
Reserved for debt service	11,669,490	-	11,669,490	9,073,882
Unreserved, undesignated	<u>74,775</u>	<u>-</u>	<u>74,775</u>	<u>2,347,882</u>
Total fund balance	<u>11,744,265</u>	<u>-</u>	<u>11,744,265</u>	<u>11,421,764</u>
Total liabilities and fund balance	<u>\$20,896,823</u>	<u>\$23,000,000</u>	<u>\$43,896,823</u>	<u>\$38,490,446</u>

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

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEARS ENDED DECEMBER 31, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
Revenues		
Property tax	\$ 5,407,984	\$ 3,798,562
Interest	<u>624,978</u>	<u>655,062</u>
Total revenues	<u>6,032,962</u>	<u>4,453,624</u>
Expenditures		
Capital projects	3,559,322	2,633,155
Debt service		
Interest	<u>2,151,139</u>	<u>2,115,681</u>
Total expenditures	<u>5,710,461</u>	<u>4,748,836</u>
Revenues over (under) expenditures	322,501	(295,212)
Fund balance, beginning of year	<u>11,421,764</u>	<u>11,716,976</u>
Fund balance, end of year	<u>\$11,744,265</u>	<u>\$11,421,764</u>

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

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Description of Project

The Near South Tax Increment Redevelopment Project Area (Project) (formerly known as the Central Station Redevelopment Project) was established in August 1994. The area has been established to finance improvements, leverage private investment, create and retain jobs and to retire the Redevelopment Tax Increment Bonds (Central Station Project), Series 1991A in the principal amount of \$4,205,000. Reimbursements, if any, are made to the developer for project costs, as infrastructure improvements are completed and pass City inspection. Phase I of the project was residential. Subsequent phases will include a combination of residential and commercial development.

Principal and interest on the bonds will be paid from incremental property taxes generated by the redevelopment district.

Basis of Accounting

The Project is accounted for within the capital project and debt service funds of the City. The Bonds Payable are recorded in the City's General Long-term Debt Account Group. The report is presented herein on a combined basis.

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.

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Cash and Investments

The bond proceeds and incremental taxes associated with the Near South Tax Increment Financing District are deposited with the City Treasurer or in a separate trust account. Eligible project expenditures are approved by the Department of Planning and Development in accordance with the project budget and paid from the trust account. Eligible project expenditures may be paid from bond proceeds or incremental taxes in excess of next year's annual debt service, after fully funding of all other funds and 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.

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

Note 2 - Bonds Payable

In December, 1994, the City issued \$23,000,000 of Near South Tax Increment Allocation Bonds (the "Bonds") in order to advance refund the Series 1991 bonds and provide monies for project costs. The Bonds are payable serially through November 15, 2013, beginning November 15, 2001. The bonds have an interest rate of 9.25 percent. The aggregate maturities of the bonds (principal portion only) are as follows:

1999	\$ -
2000	-
2001	375,000
2002	650,000
2003	650,000
Thereafter	<u>21,325,000</u>
	<u>\$23,000,000</u>

Note 3 - Commitments

As of December 31, 1998 the Project has entered into contracts for approximately \$146,000 for services and construction projects.

Note 4 - Subsequent Event

In March 1999, the City sold, at a premium, Tax Increment Allocation Bonds (Near South Redevelopment Project) Series 1999 A and B (\$50.0 million). The bonds have interest rates ranging from 4.0 percent to 5.65 percent and maturity dates ranging from November 15, 1999 to November 15, 2013. Net proceeds and cash on hand were used to advance refund all of the outstanding Tax Increment Allocation Bonds (Near South Redevelopment Project) Series 1994A (\$29.3 million), to finance certain project costs in the Near South Redevelopment Project Area (\$27.3 million) and to fund debt service and related reserve accounts (\$5.5 million).

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	\$ 5,559,872	\$ 3,679,857
Payments for capital projects	(827,973)	(2,455,288)
Interest received	<u>488,658</u>	<u>632,637</u>
Net cash provided by operating activities	5,220,557	1,857,206
Cash flows from financing activities		
Debt service		
Interest paid	<u>(2,127,500)</u>	<u>(2,127,500)</u>
Increase (decrease) in cash and investments	3,093,057	(270,294)
Cash and investments, beginning of year	<u>11,711,262</u>	<u>11,981,556</u>
Cash and investments, end of year	<u>\$14,804,319</u>	<u>\$11,711,262</u>
Reconciliation of revenues over (under) expenditures to net cash provided by operating activities		
Revenues over (under) expenditures	\$ 322,501	\$ (295,212)
Adjustments to reconcile revenues over (under) expenditures to net cash provided by operating activities		
Financing activities	2,127,500	2,127,500
Changes in assets - (increase) decrease		
Property tax receivable	(2,177,000)	(832,037)
Accrued interest receivable	(136,320)	(10,606)
Changes in liabilities - increase (decrease)		
Vouchers payable	2,267,051	40,271
Accrued interest payable	23,638	(11,819)
Due to other City funds	464,299	125,777
Deferred revenue	<u>2,328,888</u>	<u>713,332</u>
	<u>\$ 5,220,557</u>	<u>\$ 1,857,206</u>

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

<u>Code Description</u>	<u>1998</u>	<u>1997</u>
Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 279,026	\$ 225,909
Costs of property assembly, 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 buildings, and the clearing and grading of land	2,832,453	74
Costs of the construction of public works or improvements	444,747	2,399,020
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	<u>2,154,235</u>	<u>2,123,833</u>
	<u>\$5,710,461</u>	<u>\$4,748,836</u>

Near South 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)	\$128,812,758	\$195,171,648	\$5,897,375

(1) N.A. - not applicable.

Near South 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.

Near South Redevelopment Project Area
1998 Annual Report

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

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 L. CAPLICE, C.P.A.
ROBERT J. HANNIGAN, C.P.A.
GERARD J. PATER, C.P.A.
VINCENT M. GUZALDO, C.P.A.
TIMOTHY J. QUINN, C.P.A.

Bansley and Kiener, L.L.P.

Certified Public Accountants

Established 1922

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 combined balance sheet of Near South Redevelopment Project of the City of Chicago, Illinois as of December 31, 1998, and the related combined statement of revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated May 18, 1999.

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

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

Bansley and Kiener, L.L.P.

Certified Public Accountants

May 18, 1999

**ATTACHMENT
REDEVELOPMENT PLAN**

**NEAR SOUTH
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

(FORMERLY REFERRED TO AS
AMENDED CENTRAL STATION AREA
TAX INCREMENT FINANCING PROJECT AND PLAN)

CITY OF CHICAGO
Richard M. Daley, Mayor

Prepared by:
TRKLA, PETTIGREW, ALLEN & PAYNE, INC.

May 24, 1994

NEAR SOUTH

**TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

**(FORMERLY REFERRED TO AS
AMENDED CENTRAL STATION AREA
TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AND PLAN)**

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

May 24, 1994

TABLE OF CONTENTS

1.	INTRODUCTION	1
2.	REDEVELOPMENT PROJECT AREA BOUNDARY DESCRIPTION	7
3.	REDEVELOPMENT PROJECT AREA GOALS AND POLICIES	14
	-- General Goals	14
	-- Policies	15
4.	BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA	17
5.	NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT	24
	-- Redevelopment Objectives	24
	-- Redevelopment Plan and Project Activities	25
	-- General Land-Use Plan	28
	-- Estimated Redevelopment Project Costs	33
	-- Sources of Funds to Pay Redevelopment Project Costs	36
	-- Issuance of Obligations	36
	-- Most Recent Equalized Assessed Valuation	37
	-- Anticipated Equalized Assessed Valuation	39
6.	CONFORMITY OF THE REDEVELOPMENT PLAN TO THE COMPREHENSIVE PLAN FOR DEVELOPMENT OF THE CITY OF CHICAGO AS A WHOLE	40

Table of Contents -- Continued

7.	PHASING AND SCHEDULING OF REDEVELOPMENT PROJECT	41
8.	PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN	42
9.	AFFIRMATIVE ACTION PLAN	43
10.	LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE	44
11.	FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT	45
12.	DEMAND ON TAXING DISTRICT SERVICES	46
13.	PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS	48

LIST OF TABLES AND FIGURES

TABLES

Table 1	Estimated Redevelopment Project Costs Near South TIF Redevelopment Project Area	35
Table 2	Summary of Initial EAV by Block Near South Tax Increment Financing Redevelopment Project Area	38

FIGURES

Figure 1	Boundary Map	6
Figure 2	Summary of Blighting Factors	18
Figure 3	Development Program	27
Figure 4a	Land-Use Plan	30
Figure 4b	Subarea Land-Use Plan	31

1

INTRODUCTION

Chicago's future and its continuing role as a world class city depends on its ability to build upon its strong assets while overcoming the threats and/or concerns relating to its future stability. Among Chicago's assets are: its beautiful lakefront setting; its magnificent system of parks, including Grant and Burnham parks; its viable business center; its many institutions, museums, universities and art galleries; the North Michigan Avenue shopping facilities; McCormick Place and Navy Pier; and its extensive neighborhood and community based cultural and economic organizations.

There are real problems which threaten Chicago. These problems include, but are not limited to, a pattern of out-migration by both major and minor corporations to the suburbs and to other states; a loss of convention business to other cities and other countries; the perception of a high incidence of crime; imbalances in public transportation services within the greater central area which continues to expand outward from the historic "Loop" business district; aging infrastructure; and the need to revitalize deteriorating, underutilized and undeveloped areas of the City.

The City of Chicago, working with the State of Illinois, has initiated bold steps in an effort to overcome some of the aforementioned problems, including programs to improve Chicago's educational system so students will be able to find meaningful employment after graduation. Within the greater central area additional steps have been taken, including the creation of the Metropolitan Pier and Exposition Authority, with Navy Pier improvements and an active effort directed toward expansion of the McCormick Place complex. Additional funding is being pursued by the City for planning and design of the Central Area Transit Circulator system (light rail transit system) to improve internal distribution and travel movements. A major redesign of the State Street Mall is planned, which, in conjunction with the new Harold Washington Library and other private developments along State Street will help revitalize this area.

Although the downtown and north and west sides of the central area have experienced dynamic new growth in office, hotel, entertainment and residential development, the Near South area generally south of Roosevelt Road and east of Michigan Avenue continues to decline. The Near South section of the greater central area is in significant need of revitalization and redevelopment. Recent studies have verified that the majority of the properties from 12th Street to 16th Street, and from Michigan Avenue to Indiana Avenue are characterized by deterioration and obsolescence and the area east of Indiana Avenue contains abandoned railroad yards which remain undeveloped.

The City of Chicago has long been aware of the redevelopment potential of the entire area. In 1919, the City Council adopted an ordinance which mandated the implementation of Daniel Burnham's 1909 plan for the area. More recent planning efforts which singled out the near south area include the

1972 Lakefront Plan and the 1973 Chicago 21 Plan. The plans put forth recommendations for the near south similar to those proposed in this redevelopment plan such as the extension of Roosevelt Road and various public transit improvements. In 1986, the Department of Planning prepared a special ~~Near South Development Plan. The plan recognized the unique assets of the area and its~~ potential to link the lakeshore and museum campus with a revitalized Near South neighborhood. The plan recommended roadway extensions at Roosevelt Road, 16th Street, and McFetridge Avenue.

In general, the plan called for business development which would create jobs in the area, residential development to stabilize the area and cultural and recreational improvements as well.

However, despite the existence of such ordinances and plans, the Central Station Area Redevelopment Project Area (hereinafter designated and defined as the "Redevelopment Project Area") has historically 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 this Tax Increment Financing Redevelopment Project and Plan and the substantial investment of public funds. Historically, private investment has not occurred to any major extent in the south loop area except in those areas in which the City has made a substantial investment of public funds.

The City now has a very real opportunity to serve as a catalyst for the development of the Redevelopment Project Area, and has already begun taking steps in that direction. On March 1, 1990, the Chicago Plan Commission approved the Central Station Guidelines for Development (the "Central Station Guidelines") for an aggressive and comprehensive development of mostly vacant land located generally within the eastern portion of the Redevelopment Project Area. On April 6, 1990, the City Council approved the Central Station Planned Development Amendment to the Chicago Zoning Ordinance (the "Central Station Plan of Development") for parts of the land covered by the Guidelines. With the City's assistance and guidance, development of this portion of the Redevelopment Project Area will open the lakeshore to previously isolated neighborhoods, and will spearhead increased housing and business opportunities not only in the Redevelopment Project Area, but also within the near south loop area as a whole. The City must take an additional step to accomplish its development goals for the Redevelopment Project Area -- the City must adopt Tax Increment Financing to attract the private investment that is needed within the Redevelopment Project Area.

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 capture, temporarily, new tax revenues resulting from redevelopment. Further, under tax increment financing, all taxing districts continue to receive the tax revenue they received prior to redevelopment from property in the area. Moreover, 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 Central Station Area Tax Increment Redevelopment Plan and Project

This Central Station Area Tax Increment Redevelopment Plan and Project (hereinafter referred to as the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private actions in the Redevelopment Project Area.

This Redevelopment Plan also specifically describes the Redevelopment Project Area and sets forth the blighting factors which qualify the Redevelopment Project Area for designation as a blighted 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 one of the most important economic opportunities available for the City of Chicago. By creating an environment for private development, Chicago will strengthen its tax base and establish an atmosphere that creates and retains jobs and a real alternative for companies that might otherwise move to the suburbs or out of state. At the same time, the long-standing objective to complete a southern edge to Grant Park can be accomplished. The museum campus area can be connected to the central business district and other areas of the City through suitable improvements to traffic patterns and the transportation system that serves these facilities and areas.

For the first time, direct linkage between the lakefront and the area south of Roosevelt Road can be planned and provided. The extraordinarily important McCormick Place facility can be expanded and integrated into the downtown area. The Redevelopment Project Area provides the vital connection for the museum campus and McCormick Place with the rest of the city.

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 modern-day principles and standards.
2. On a reasonable, comprehensive and integrated basis to ensure that blighting factors are eliminated.
3. Within a reasonable and defined time period so that the area may contribute productively to the economic vitality of the City.

Redevelopment of the Redevelopment Project Area is one of the largest of its kind in the United States, and it presents challenges and opportunities commensurate with its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. The adoption of 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 the rebuilding of the area with private capital.

Public and private investment is possible only if tax increment financing 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 of blight that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan, the city of Chicago 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 encompass the Near South Side in the form of a significantly expanded tax base, employment opportunities and a wide range of other benefits.

Amendment - April 1994

Section 1, *Introduction*, is amended to include the following additional statements:

During the process of implementing the Central Station Area Redevelopment Project and Plan (the "Original Redevelopment Project and Plan"), it has become evident that changes in the boundaries of the Redevelopment Project Area (the "Original Redevelopment Project Area"), and in the development program are necessary in order to facilitate achievement of the purpose and objectives of the Original Redevelopment Project and Plan as adopted on November 28, 1990. The area to be added to the original Redevelopment Project Area is referred to as the "Amended Area" and is

generally bounded by Congress Parkway on the north; Michigan Avenue, Indiana Avenue and Calumet Avenue on the east; the Michigan-Cermak Redevelopment Tax Increment Financing Project on the south; and State Street on the west. The "Original Redevelopment Project area" together with the "Amended Area" is renamed and hereinafter referred to as the "Near South Redevelopment Project Area." The Near South Redevelopment Project Area is geographically illustrated in Figure, 1, *Boundary Map*.

The Amended Area consists of approximately 248.4 acres, encompassing thirty-eight full and partial city blocks, and various street and alley rights-of-way. This area contains vacant land, vacant and deteriorating buildings, numerous older and obsolete commercial and industrial buildings, underutilized sites and streets, sidewalks and alleys in a deteriorating condition.

This Amended Area is found to be eligible for designation as a "Blighted Area" pursuant to the definition contained within the *Tax Increment Allocation Redevelopment Act* of the State of Illinois, as supplemented and amended from time to time (the "Act"), to overcome conditions of blight and obsolescence and to improve the economic and physical well-being of the City.

The Amended Area initially developed without the benefit or guidance of overall community planning. The inclusion of the Amended Area is necessary to stimulate redevelopment of certain properties as well as make certain public infrastructure improvements to create and sustain a positive environment for private investment, thereby preventing the decline of properties within this area which may impair the growth of the tax base of taxing districts having taxing jurisdiction over the Amended Area.

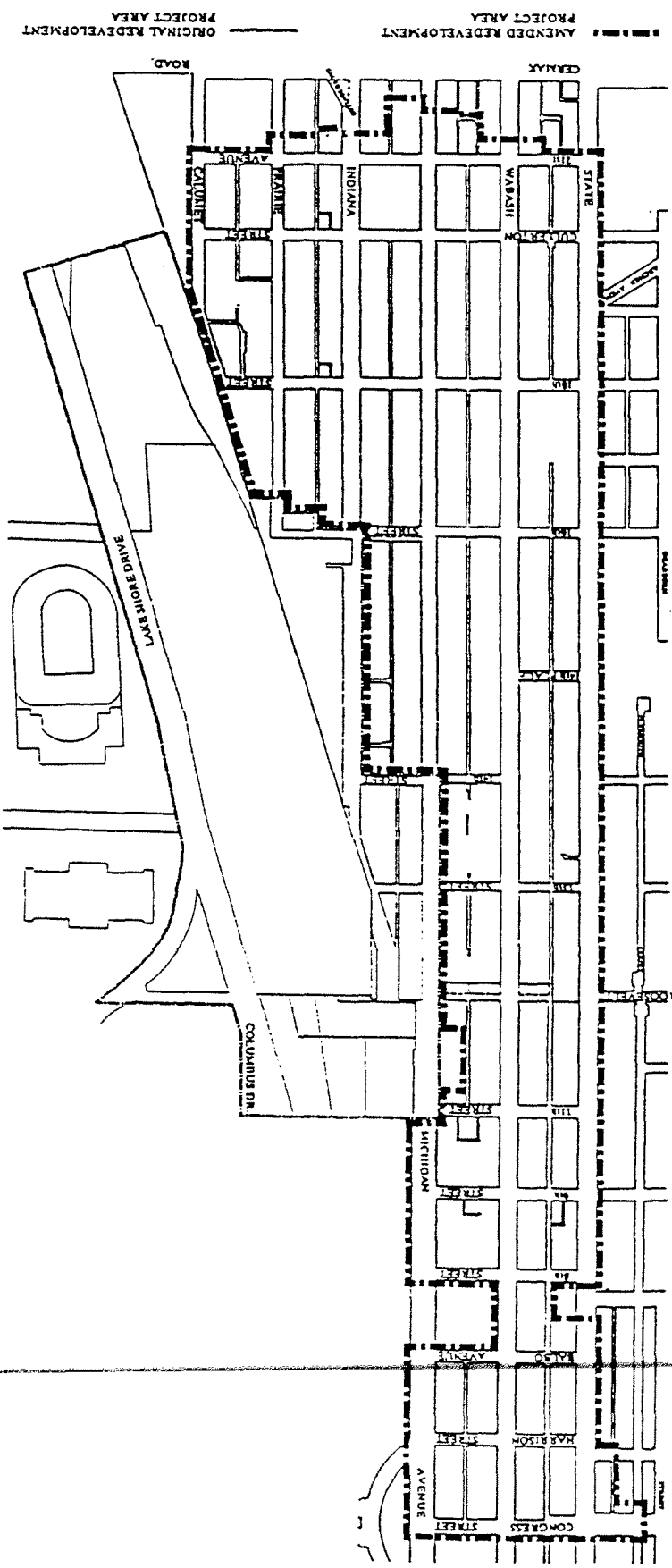
The addition of the Amended Area to the Redevelopment Project Area will permit improved coordination of redevelopment/revitalization projects and related public infrastructure improvements for all projects within the Redevelopment Project Area. The Amended Area is physically and functionally related to other properties within the Redevelopment Project Area and will be substantially benefitted by the redevelopment project actions and improvements. The Amended Area functions as part of the greater Central Station Area which is included in the Original Redevelopment Project Area.

Timely and coordinated public and private investment within the Amended Area will be possible only if tax increment financing is adopted pursuant to the Act. The Amended Area includes only those contiguous parcels of real property and improvements thereon substantially benefitted by the Redevelopment Project.

Figure 1, *Project Boundary Map*, is revised to include the amended area.

Figure 1
 PROJECT BOUNDARY
 NEAR SOUTH
 TAX INCREMENT FINANCING
 REDEVELOPMENT PROJECT
 City of Chicago, Illinois

Scale: 0' 200' 400' North
 Taha, Ferguson, Allen & Payne, Inc.
 12.93



REDEVELOPMENT PROJECT AREA DESCRIPTION

The boundaries of the Near South Redevelopment Project Area (hereinafter referred to as the "Redevelopment Project Area") have been carefully drawn to include only those contiguous parcels of real property and improvements thereon substantially benefitted 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:

THOSE PARTS OF THE SOUTHWEST QUARTER OF FRACTIONAL SECTION 15, THE NORTHWEST QUARTER OF FRACTIONAL SECTION 22 AND THE EAST HALF OF THE SOUTHWEST FRACTIONAL QUARTER OF SAID SECTION 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING ON THE WEST LINE OF S. MICHIGAN AVENUE, AT THE INTERSECTION OF SAID LINE WITH THE NORTH LINE OF E. 11TH STREET, AND RUNNING

THENCE EAST ALONG THE EASTWARD EXTENSION OF THE SAID NORTH LINE OF E. 11TH STREET, TO THE EASTERLY RIGHT-OF-WAY LINE OF S. COLUMBUS DRIVE;

THENCE SOUTHWARDLY, ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE AFORESAID NORTH LINE OF E. ROOSEVELT ROAD;

THENCE EAST ALONG SAID EASTWARD EXTENSION OF ROOSEVELT ROAD TO THE EASTERLY RIGHT-OF-WAY LINE OF THE SOUTH BOUND LANES OF SOUTH LAKE SHORE DRIVE;

THENCE SOUTHWESTWARDLY, SOUTHWARDLY AND SOUTHEASTWARDLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF SAID SOUTH BOUND LANES TO AN INTERSECTION WITH THE EASTWARDLY EXTENSION OF A LINE WHICH IS 1500 FEET NORTHERLY FROM AND PARALLEL WITH THE NORTHERLY LINE OF THE E. 23RD STREET VIADUCT STRUCTURE;

THENCE WESTWARDLY ALONG SAID LINE WHICH IS 1500 FEET NORTHERLY FROM AND PARALLEL WITH THE NORTHERLY LINE OF SAID 23RD STREET

VIADUCT, TO THE WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

~~THENCE NORTHWARDLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE A~~
DISTANCE OF 1625 FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF LOT 1 IN E. L. SHERMAN'S SUBDIVISION OF LOTS 4, 5 AND 6 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, IN THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 22, AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT 1, AND ALONG SAID NORTH LINE EXTENDED WEST A DISTANCE OF 186 FEET, MORE OR LESS, TO THE WEST LINE OF S. PRAIRIE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. PRAIRIE AVENUE A DISTANCE OF 84 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER OF LOT 5 IN ASSESSOR'S DIVISION OF LOTS 1, 2 AND 3 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 5 A DISTANCE OF 177 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH A LINE WHICH IS THE EAST LINE OF A 20 FOOT WIDE ALLEY;

THENCE NORTH ALONG SAID EAST LINE OF THE 20 FOOT WIDE ALLEY A DISTANCE OF 92 FEET, MORE OR LESS, TO THE SOUTH LINE OF E. 16TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF E. 16TH STREET, A DISTANCE OF 263.00 FEET, MORE OR LESS, TO THE WEST LINE OF S. INDIANA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. INDIANA AVENUE, A DISTANCE OF 1407.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF E. 14TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF E. 14TH STREET, A DISTANCE OF 441.00 FEET, MORE OR LESS, TO THE WEST LINE OF S. MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. MICHIGAN AVENUE, A DISTANCE OF 1955.00 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Amendment - April 1994

Section 2, *Redevelopment Project Area Description*, is amended to include the following legal description of the Amended Area:

A TRACT OF LAND COMPRISED OF A PART OF EACH OF SECTIONS 15,16,21 AND 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL

MERIDIAN IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS WHICH TRACT OF LAND IS BOUNDED AND DESCRIBED AS FOLLOWS:

~~BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SOUTH MICHIGAN AVENUE WITH THE NORTH LINE OF EAST 11TH STREET BEING ALSO THE SOUTHEAST CORNER OF BLOCK 20 IN THE FRACTIONAL SECTION 15 ADDITION TO CHICAGO AND RUNNING~~

THENCE EAST ALONG THE EASTWARD EXTENSION OF SAID NORTH LINE OF EAST 11TH STREET A DISTANCE OF 130.00 FEET, MORE OR LESS TO THE EAST LINE OF SOUTH MICHIGAN AVENUE AS IMPROVED AND OCCUPIED;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH MICHIGAN AVENUE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF EAST 8TH STREET:

THENCE WEST ALONG SAID EASTWARD EXTENSION AND ALONG THE NORTH LINE OF EAST 8TH STREET TO AN INTERSECTION WITH THE EAST LINE OF SOUTH WABASH AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO AN INTERSECTION WITH THE SOUTH LINE OF EAST BALBO STREET;

THENCE EAST ALONG SAID SOUTH LINE OF EAST BALBO STREET AND ALONG THE EASTWARD EXTENSION THEREOF TO AN INTERSECTION WITH SAID EAST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE AND ALONG THE NORTHWARD EXTENSION OF SAID EAST LINE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF EAST CONGRESS PARKWAY;

THENCE WEST ALONG SAID EASTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID EAST CONGRESS PARKWAY TO THE INTERSECTION WITH THE EAST LINE OF SOUTH STATE STREET;

THENCE WEST ALONG A STRAIGHT LINE TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET AND THE NORTH LINE OF WEST CONGRESS PARKWAY;

THENCE WEST ALONG THE NORTH LINE OF WEST CONGRESS PARKWAY TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF SOUTH PLYMOUTH COURT;

THENCE SOUTH ALONG SAID NORTHWARD EXTENSION AND ALONG THE WEST LINE OF SOUTH PLYMOUTH COURT TO AN INTERSECTION WITH THE WESTWARD

EXTENSION OF THE SOUTH LINE OF LOT 8 IN C.L. & I. HARMON'S SUBDIVISION OF BLOCK 137 OF SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, AFORESAID;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE SOUTH LINE OF SAID LOT 8 TO AN INTERSECTION WITH THE WEST LINE OF THE PUBLIC ALLEY, 12 FEET WIDE AS OPENED BY THE CITY COUNCIL PROCEEDINGS IN SAID BLOCK 137;

THENCE SOUTH ALONG THE WEST LINE OF SAID PUBLIC ALLEY AND THE SOUTHWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE SOUTH LINE OF WEST HARRISON STREET;

THENCE EAST ALONG THE SOUTH LINE OF THE WEST HARRISON STREET TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET, SAID INTERSECTION BEING ALSO THE NORTHEAST CORNER OF LOT 1 IN THE SUBDIVISION OF BLOCK 136 OF SAID SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16;

THENCE SOUTH ALONG SAID WEST LINE OF SOUTH STATE STREET TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF SUBLOT 2 OF LOT 3 IN BLOCK 15 IN CANAL TRUSTEES SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID SOUTH LINE OF SUBLOT 2 TO AN INTERSECTION WITH THE WEST LINE OF THE STRIP OF LAND, 30 FEET WIDE, WHICH RUNS NORTH AND SOUTH THROUGH SAID BLOCK 15;

THENCE SOUTH ALONG SAID WEST LINE OF THE STRIP OF LAND, 30 FEET WIDE, TO AN INTERSECTION WITH THE NORTH LINE OF EAST 8TH STREET;

THENCE WEST ALONG THE NORTH LINE OF EAST 8TH STREET AND ALONG THE WESTWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET;

THENCE SOUTH ALONG THE WEST LINE OF SOUTH STATE STREET TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF EAST 21ST STREET;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID SOUTH LINE OF EAST 21ST STREET TO THE NORTHWEST CORNER OF LOT 1 IN BLOCK 28 IN CURLEY'S SUBDIVISION OF BLOCK 28 OF THE ASSESSOR'S DIVISION OF THE SOUTHWEST FRACTIONAL QUARTER OF SAID SECTION 22;

THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 1 AND THE WEST LINE OF LOT 2 IN SAID BLOCK 28 IN CURLEY'S SUBDIVISION TO THE NORTHWEST CORNER OF THE SOUTH 25 FEET OF SAID LOT 2;

THENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF 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 CURLEY'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 THE NORTH LINE EXTENDED EAST OF SAID SOUTH 30 FEET OF LOT 19 TO THE CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 12 FEET WIDE, LYING EAST OF AND ADJOINING SAID LOT 19;

THENCE SOUTH ALONG SAID NORTH AND SOUTH CENTERLINE TO THE CENTERLINE EXTENDED WEST OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID CENTERLINE OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY, AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, 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 OF LOT 6 IN SAID BLOCK 27 AND ALONG SAID NORTH LINE EXTENDED EAST TO THE EAST LINE OF SOUTH MICHIGAN AVENUE (SAID EAST LINE OF SOUTH MICHIGAN AVENUE BEING ALSO THE WEST LINE OF BLOCK 26 IN SAID CURLEY'S SUBDIVISION);

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 SOUTH 25 FEET OF LOT 12 TO THE CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 18 FEET WIDE IN SAID BLOCK 26;

THENCE NORTH ALONG SAID CENTERLINE TO THE WESTWARD EXTENSION OF THE NORTH LINE OF LOT 3 IN SAID BLOCK 26;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID LOT 3 AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE EAST LINE OF SOUTH INDIANA AVENUE (SAID EAST LINE OF SOUTH

INDIANA AVENUE BEING ALSO THE WEST LINE OF BLOCK 25 IN SAID CURLEY'S SUBDIVISION);

~~THENCE NORTH ALONG SAID EAST LINE OF SOUTH INDIANA TO THE NORTH~~
LINE OF THE SOUTH 10 FEET OF LOT 17 IN BLOCK 25 IN SAID CURLEY'S SUBDIVISION;

THENCE EAST ALONG SAID NORTH LINE OF THE SOUTH 10 FEET OF LOT 17 AND ALONG THE EASTWARD EXTENSION THEREOF TO THE EAST LINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 18 FEET WIDE IN SAID BLOCK 25;

THENCE SOUTH 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 OF THE SOUTH 24.8 FEET OF LOT 3 AND ALONG THE EASTWARD EXTENSION THEREOF TO THE EAST LINE OF SOUTH PRAIRIE AVENUE (SAID EAST LINE OF SOUTH PRAIRIE AVENUE BEING THE WEST LINE OF BLOCK 24 IN CURLEY'S SUBDIVISION, AFORESAID);

THENCE NORTH ALONG SAID EAST LINE OF SOUTH PRAIRIE AVENUE TO THE SOUTH LINE OF EAST 21ST STREET;

THENCE EAST ALONG THE SOUTH LINE OF EAST 21ST STREET AND ALONG THE EASTWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE EAST LINE OF SOUTH CALUMET AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH CALUMET AVENUE TO AN INTERSECTION WITH THE ORIGINAL WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

THENCE NORTHWARDLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF LOT 1 IN E.L. SHERMAN'S SUBDIVISION OF LOTS 4,5 AND 6 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, IN THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 22, AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT 1, AND ALONG SAID NORTH LINE EXTENDED WEST, A DISTANCE OF 186.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH PRAIRIE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH PRAIRIE AVENUE, A DISTANCE OF 84.00 FEET MORE OR LESS, TO THE SOUTHEAST CORNER OF LOT 5 IN ASSESSOR'S DIVISION OF LOTS 1,2 AND 3 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 5 A DISTANCE OF 177 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH A LINE WHICH IS THE EAST LINE OF A 20.00 FOOT WIDE ALLEY;

THENCE NORTH ALONG SAID EAST LINE OF SAID ALLEY, A DISTANCE OF 92.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 16TH STREET;

THENCE WEST ALONG THE SOUTH LINE OF EAST 16TH STREET, A DISTANCE OF 263.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH INDIANA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH INDIANA AVENUE, A DISTANCE OF 1407.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 14TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF EAST 14TH STREET, A DISTANCE OF 441.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH MICHIGAN AVENUE A DISTANCE OF 1459.00 FEET, MORE OR LESS, TO AN INTERSECTION WITH THE NORTH LINE OF THE SOUTH 10.00 FEET OF SUBLOT 1 OF LOT 12 IN BLOCK 21 IN CANAL TRUSTEE'S SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE WEST ALONG SAID NORTH LINE OF THE SOUTH 10.00 FEET OF SUBLOT 1, A DISTANCE OF 171.00 FEET, MORE OR LESS, TO THE EAST LINE OF THE PUBLIC ALLEY, 20.00 FEET WIDE, IN SAID BLOCK 21;

THENCE NORTH ALONG SAID EAST LINE , A DISTANCE OF 350.00 FEET, MORE OR LESS TO THE SOUTH LINE OF ORIGINAL LOT 1 IN BLOCK 21 IN THE FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE EAST ALONG SAID SOUTH LINE, A DISTANCE OF 171.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE AND THE NORTHWARD EXTENSION THEREOF, A DISTANCE OF 146.00 FEET MORE OR LESS, TO THE POINT OF BEGINNING.

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 environmental improvements, increased tax base and additional employment opportunities.

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 commercial and industrial development by eliminating the influences and 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 establish it as an important activity center contributing to the regional and national focus of the central business district.
- 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 sales tax basis for the City of Chicago, the State of Illinois and other taxing districts extending into the Redevelopment Project Area.

Policies

- Encourage a mixture of uses and scales of development that provide a transition from ~~higher densities found in the Loop to the lower densities of the Near South Side.~~
- Expand the residential population of the Near South Side and encourage housing types that accommodate a diverse economic and social mix of residents.
- Provide better access between the South and Near South Sides and the downtown and lakefront through creation of better and more frequent east-west and north-south links.
- Extend the public features of Chicago's historic boulevard system along Michigan and Indiana Avenues.
- Accommodate the reconstruction of Lake Shore Drive as a two-way parkway on the west side of the Field Museum, with an ample landscaped edge.
- Design an internal street network that is clear, direct, and easily accessible to the public.
- Design a street and block plan which integrates the Near South Side with the lakefront.
- Complete the south end of Grant Park.
- Apply the policies of the *Lakefront Plan of Chicago*.
- Provide formal open spaces that relate to Grant Park and Burnham Park and are connected by the pedestrian street network.
- Provide sufficient parks and recreational areas related to the needs of new Near South Side residents.
- Promote a quality, attractive environment compatible with the museum complex in Burnham Park, provide greater access to Burnham Park from downtown and the community to the west, and enhance the park setting of the museums.
- Present active and appropriately designed edges to the communities on all sides, especially towards Grant Park, Lake Shore Drive, and Michigan Avenue.
- Respect the prominent architectural quality of the museum complex in Burnham Park and the Michigan Avenue streetwalls.

- Enhance the Prairie Avenue Historic District by improving the accessibility and image of the surrounding community and by creating connections between the District and the Burnham Park museum complex.
-
- Protect and frame important views and vistas through the site.
 - Encourage active, landscaped pedestrian-oriented streets.
 - Encourage a predominant use of public transportation and improve public transportation services to the Central Station site and the surrounding community.
 - Promote the development of a Central Area Transit Circulator system connecting the downtown with McCormick Place and the Museums.
 - Provide adequate facilities for circulation within and through the site for pedestrians, public transit, and private vehicles.
 - Promote development which employs the most efficient use of energy resources.
 - Ensure provision of associated parks, open spaces and public facilities on a schedule coordinated with the pace of private development.
 - Promote the design and construction of public infrastructure which encourages quality development.
 - Give funding and scheduling priority to improvements which provide the greatest benefit to the general public.

Amendment - April 1994

Section 3, *Redevelopment Project Area Goals and Policies*, is amended to include the following additional policies:

- Maintain the Michigan Avenue "streetwall" by encouraging infill developments that are compatible with the architectural character and heights of existing structures.
- Encourage the rehabilitation or conversion of vacant buildings into residential, commercial and arts/cultural space within the Prairie Avenue area. Support the concept of the Arts District as a catalyst for future mixed-use developments.

4

BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

The Redevelopment Project Area includes improved areas and vacant areas as defined in the Act.

Within the improved portion of the area it must be demonstrated that because of the combination of five or more of the factors described in the Act, the area is detrimental to the public safety, health, morals or welfare. Based upon surveys, inspections and analysis of the area, the Redevelopment Project Area qualifies for designation as a "blighted area" as defined by the Act.

- Of the fourteen factors set forth in the Act for improved areas, ten are present in the area.

Within the vacant portion of the area it must be demonstrated that the sound growth of the taxing districts is impaired by at least one of the seven factors described in the Act.

- The vacant land area qualifies for designation as a "blighted area" on the basis that the area consists of unused railyards, rail tracks or railroad rights-of-way.

The factors present are reasonably distributed throughout the area.

All blocks within the area show the presence of blight factors.

The Redevelopment Project Area includes only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

A separate report titled Central Station Area Redevelopment Project - TIF Area Eligibility Report describes in detail the surveys and analysis undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a "blighted area" as defined by the Act. The factors listed below and shown in Figure 2, *Summary of Blight Factors*, are present in the Redevelopment Project Area.

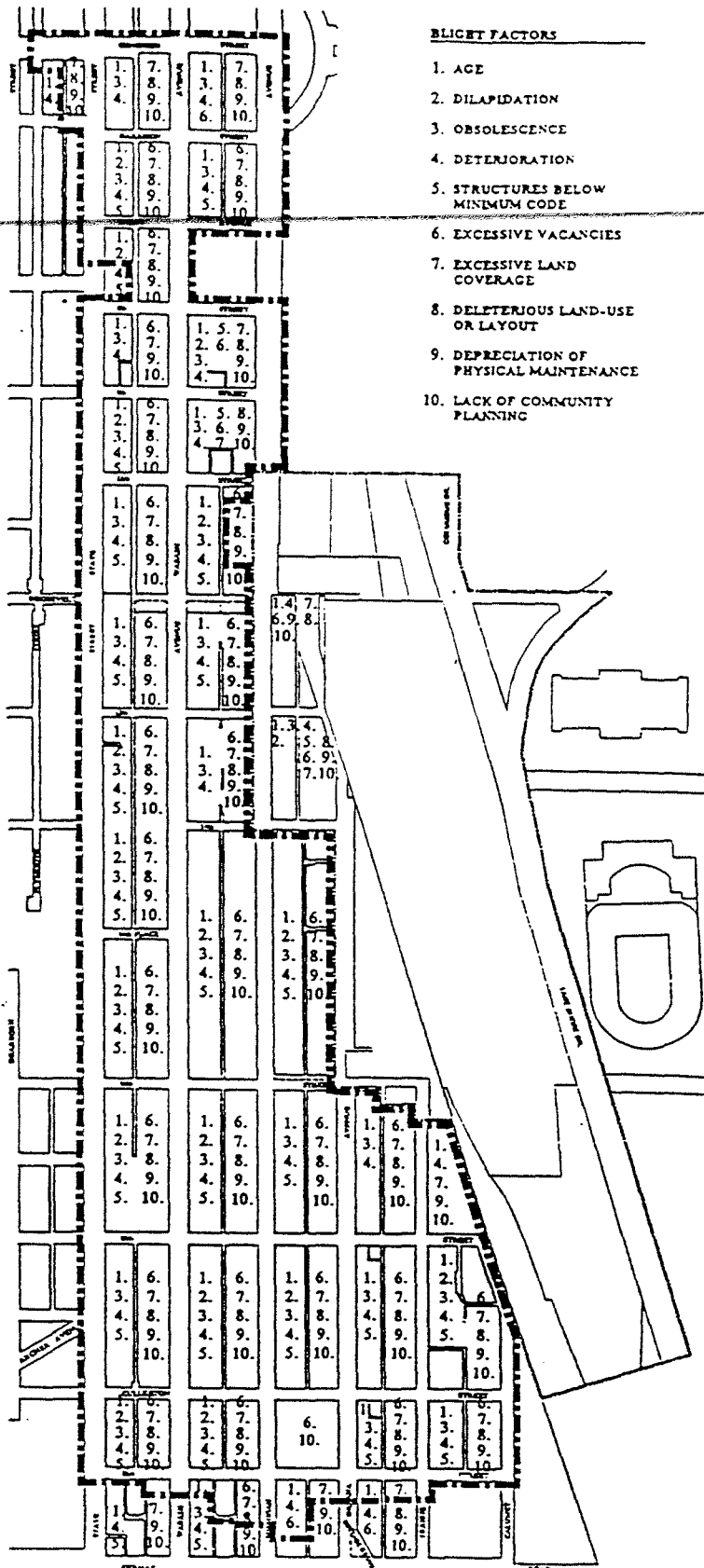


Figure 2
SUMMARY OF BLIGHT FACTORS
 NEAR SOUTH
 TAX INCREMENT FINANCING
 REDEVELOPMENT PROJECT
 City of Chicago, Illinois

Improved Area Factors

The improved area includes all of the blocks located west of Indiana Avenue and the railroad property currently operated by Metra and located along the eastern edge of the project area, adjacent to Lake Shore Drive.

1. **Age**
Age as a factor is present to a major extent throughout the improved blocks. Of the 17 total buildings in the improved area, 16 (94 percent) are 35 years of age or older.
2. **Dilapidation**
Dilapidation as a factor is present to a major extent in one block, and to a limited extent in one block. Dilapidation includes 4 buildings that are in a structurally sub-standard condition.
3. **Obsolescence**
Obsolescence as a factor is present to a major extent throughout the improved area. Conditions contributing to this factor include obsolete buildings and obsolete platting. Eight buildings are characterized by obsolescence, of which 3 are vacant and 3 are partially vacant.
4. **Deterioration**
Deterioration as a factor is present to a major extent throughout the improved area. Conditions contributing to this factor include deteriorating structures, deteriorating off-street parking and storage areas and site surface areas, and deteriorating alleys, street pavement, curbs, gutters, sidewalks and the Indiana Avenue viaduct. Thirteen of the 17 buildings are characterized by deterioration.
5. **Existence of Structures Below Minimum Code**
Existence of structures below minimum code standards is present to a major extent in one block and to a limited extent in one block. Structures below minimum code include all structures in deteriorating or dilapidated condition which are below the City's code standards for existing buildings.
6. **Excessive Vacancies**
Excessive vacancies as a factor is present to a major extent in one block and to a limited extent in one block. Three buildings contain vacant floors and 3 buildings are entirely vacant.
7. **Excessive Land Coverage**
Excessive land coverage as a factor is present to a major extent in one block of the area. Conditions contributing to this factor include parcels where buildings cover more than sixty percent of their respective sites, restricting provisions for off-street parking, loading and service. A total of 12 building sites are impacted by this factor.
8. **Deleterious Land-Use or Layout**

Deleterious land-use or layout is present to a major extent in two of the 3 blocks of the improved area. Conditions contributing to this factor include parcels of limited size. Twenty-six of the parcels within the Redevelopment Project Area exhibit this factor.

9. **Depreciation of Physical Maintenance**

Depreciation of physical maintenance is present to a major extent throughout the improved area. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and storage areas, and site improvements including streets, alleys, walks, curbs, gutters and one viaduct.

10. **Lack of Community**

Lack of community planning is present to a major extent throughout the improved area. Conditions contributing to this factor include incompatible land-use relationships, parcels of inadequate size or irregular shape for contemporary development in accordance with current day needs and standards, and the lack of reasonable development controls for building setbacks, off-street parking and loading.

Vacant Area Factors

The vacant land area is located east of Indiana Avenue from 11th Place to approximately 16th Street, and west of the railroad property used for the Illinois Central METRA commuter service. This vacant area consists of unused railyards, rail tracks or railroad rights-of-way. It is the former location of active rail lines and numerous railroad-related uses, including an office building, passenger terminal, train sheds, round houses, machine shops, baggage room, power house and miscellaneous support buildings. All of the buildings and tracks have been abandoned and the buildings demolished.

Amendment - April 1994

Section 4, *Blighted Area Conditions Existing In the Redevelopment Project Area*, is amended to add the following description of blighted conditions in the Amended Area:

The purpose of this section is to describe the conditions that exist within the Amended Area which qualify the Amended Area for designation as a "blighted area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (The "Act"). The Act is found in Illinois Revised Statutes, Chapter 24, Section 11-74. 4-1 *et. seq.*, as amended.

A report entitled *Tax Increment Redevelopment Project Eligibility Report* for the Central Station Area was prepared for the City of Chicago in July, 1990 by Trkla, Pettigrew, Allen & Payne, Inc. Studies and analyses completed in 1990, and documented as part of the Eligibility Report, provided the basis for a finding by the City of Chicago that the Original Redevelopment Project Area of approximately 127 acres qualified for designation as a "blighted area" as defined in the Act.

The Amended Area contains approximately 248.4 acres, including approximately 92.6 acres of street and alley rights-of-way, and approximately 155.9 acres of parcels within 38 blocks located in the

Amended Area. The Amended Area is located immediately west of the Original Redevelopment Project Area, and is generally bounded on the north by Congress Parkway, on the south by 21st Street, on the west by State Street, and on the east by Michigan Avenue (between Congress Parkway and 14th Street), Indiana Avenue (between 14th and 16th Streets), and the Illinois Central Railroad right-of-way (between 16th and Cullerton Streets).

The Amended Area is an improved area for the purpose of determining eligibility as defined in the Act. Within an improved area it must be demonstrated that because of the combination of five or more of the factors described in the Act, the area is detrimental to the public safety, health, morals or welfare.

While it may be concluded that the mere presence of the minimum number of stated factors is sufficient to make a finding of blight, the following evaluation was made on the basis that the blighting factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of blighting factors throughout the study area must be reasonable so that basically good areas are not arbitrarily found to be blighted simply because of their proximity to areas which are blighted.

On the basis of this approach, all or any part of the Amended Area is found to be eligible within the definition set forth in the Act. Specifically:

- Of the fourteen factors set forth in the Act for improved areas, ten are present in the Amended Area.
- The blight factors which are present are reasonably distributed throughout the Amended Area.
- All blocks within the Amended Area show the presence of blight factors.
- The Amended Area includes only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

The blight factors present in the Amended Area are indicated below. It should be noted that the definitions of blight factors listed below are the same as set forth in the *Central Station Tax Increment Redevelopment Project Eligibility Report* prepared in July 1990 by TPAP for the purpose of determining the eligibility of the Original Redevelopment Project Area.

The following blighting factors are present in the Amended Area:

1. **Age**
Age as a factor is present to a major extent. Fifty percent or more of the buildings are 35 years of age or older in 34 of the 38 blocks that comprise the Amended Area.
2. **Dilapidation**
Dilapidation is present to a limited extent. Of 297 buildings within the Amended Area, 25 or 8.4 percent are dilapidated.

3. **Obsolescence**

Obsolescence as a factor is present to a major extent. Characteristics include ~~obsolete platting, obsolete parcels and obsolete buildings.~~

4. **Deterioration**

Deterioration as a factor is present to a major extent throughout the Amended Area. Contributing to this factor include deteriorating structures, deteriorating off-street parking and storage areas, and deteriorating street surfaces, curbs, gutters and alleys. Of the total 297 buildings, 213, or 72 percent, evidence varying degrees of deterioration.

5. **Existence of Structures Below Minimum Code**

Existence of structures below minimum code standards is present to a moderate extent. Advanced defects in thirty percent of the buildings are below the City's maintenance and other codes for existing buildings.

6. **Excessive Vacancies**

Excessive vacancies as a factor is present to a major extent in twenty-one blocks and to a moderate extent in eleven of the thirty-eight blocks.

7. **Excessive Land Coverage**

Excessive land coverage is present to a major extent affecting close to 79 percent of the buildings within the Amended Area.

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

Deleterious land-use or layout is present to a major extent throughout the Amended Area. Conditions contributing to this factor include parcels of limited narrow size, parcels of irregular shape and incompatible uses.

9. **Depreciation of Physical Maintenance**

Depreciation of physical maintenance is present to a major extent. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and surface storage areas, and site improvements, including streets, alleys, curbs and sidewalks.

10. **Lack of Community Planning**

Lack of community planning is present to a major extent throughout the Amended Area. Conditions contributing to this factor include parcels of inadequate size or irregular shape for contemporary development in accordance with current day needs and standards, the existence

of incompatible or mixed land-uses and the lack of reasonable development controls for building setbacks and off-street parking. Additionally, the Amended Area developed without the benefit of community planning guidelines and standards.

Figure 2, *Distribution of Blight Factors by Block*, is revised to include the Amended Area.

The analysis above is based upon data assembled by representatives of the City and surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. The surveys and analyses conducted include:

1. Exterior survey of the condition and use of each building;
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 existing uses and their relationships;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Comparison of surveyed buildings to property maintenance and other codes of the City;
6. Analysis of original and current platting and building size and layout;
7. Analysis of building floor area and site coverage; and
8. Review of previously prepared plans, studies and data.

NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT

This section presents the overall program to be undertaken by the City of Chicago or by private developers 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 blighted area. Section 4 of this Redevelopment Plan, *Blighted Area Conditions Existing in the Redevelopment Project Area*, describes existing blighting 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, and encourage high standards of design.

- Provide sites for needed public improvements or facilities in proper relationship to the projected demand for such facilities 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 Relocation

Property acquisition and land assembly by private sector for 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 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 to provide for storm drainage.

Active businesses and other occupants that are displaced by the public acquisition of property will be relocated and may be provided with assistance payments and advisory services.

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.

Acquisition activities include acquisition of property (1) to accommodate the realignment of Lake Shore Drive and to make improvements to other thoroughfares (2) to permit the more efficient construction of infrastructure over the METRA tracks, (3) to provide a site for a district heating/cooling plant, if appropriate, and (4) to provide for additional property acquisition in support of private development proposals. Further, demolition of structures (including railroad structures) and protection/relocation of existing utilities and freight tunnels is contemplated. Relocation services in conjunction with property acquisition will be provided in accordance with City policy.

2. 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. Roadways, and Related Improvements

A range of individual roadway improvement projects from repair and resurfacing through construction of new roads on structures in air rights will be undertaken. Public sewers, water lines, and City electrical service for lighting and signals are to be upgraded or installed new in each improved roadway segment as needed. The complexities and constraints associated with roadway construction in air rights over an operating railroad have been taken into account in estimating costs. The principal roadways affected are Columbus Drive, Roosevelt Road, Indiana Avenue, 13th Street, 14th Street, 15th Street, as well as segments of other streets. Virtually all of these improvements are anticipated in the *Central Station Guidelines*.

b. Special Utility Improvement

Construction of a substantial storm sewer is planned for a 16th Street alignment to extend from Lake Shore Drive west through the Redevelopment Project Area to the Chicago River. This sewer will provide relief to the combined sewer system serving the area, reduce or eliminate flooding in the area, and will have capacity to drain storm water on Lake Shore Drive in the vicinity of the Redevelopment Project Area.

c. Parks and Open Space

Construction of both parks and open spaces will be undertaken. McFetridge Park at 14th/Indiana, and a portion of the addition to Grant Park on the north side of Roosevelt will be built. These improvements are anticipated in the *Central Station Guidelines*.

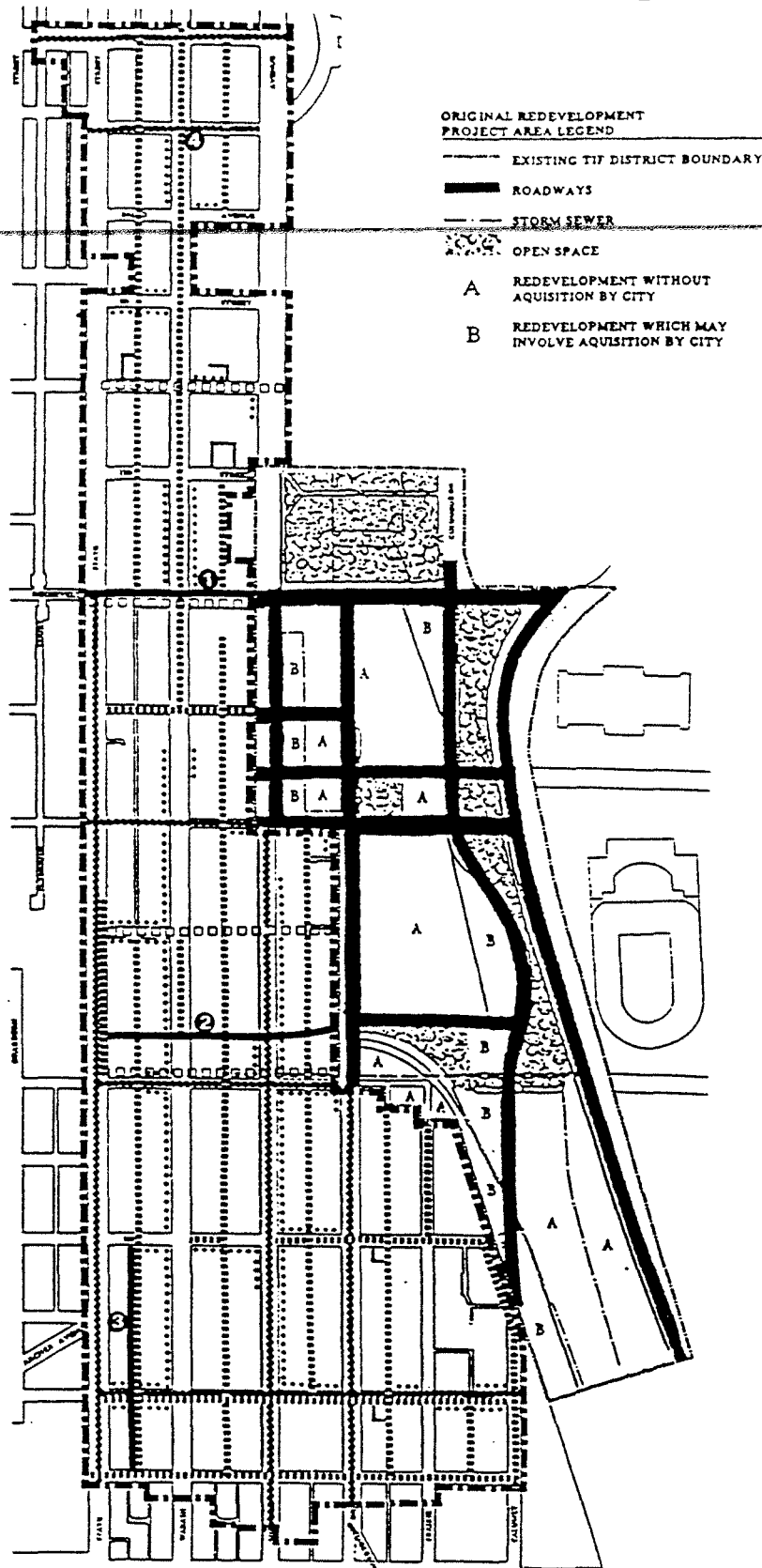


Figure 3
 DEVELOPMENT PROGRAM
 NEAR SOUTH
 TAX INCREMENT FINANCING
 REDEVELOPMENT PROJECT
 City of Chicago, Illinois

3. Job Training and Related Educational Programs

~~Separate or combined programs designed to increase the skills of the labor force to take~~ advantage of the employment opportunities within the Redevelopment Project Area will be implemented. This will be particularly important in conjunction with development of international trade operations and related services.

4. 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.

5. 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.

Amendment - April 1994

Redevelopment Plan and Project Activities contained in Section 5 is amended to add the following:

Redevelopment Project and Plan activities are expanded to include: resurfacing or reconstruction of all existing street pavement which is currently in a deteriorating condition; repair or reconstruction of all deteriorating curbs and gutters; replacement or reconstruction of sidewalks as part of a comprehensive streetscape/pedestrian walkway system for major parts of the amended area; coordination and implementation of transit station and structure improvements with other public and private improvement projects, rehabilitation of existing buildings, and allowance for interest cost incurred by redevelopers as provided for in the Act.

Figure 3, *Development Program*, is revised to illustrate the range of actions and improvements proposed for the Amended Area.

General Land-Use Plan

Amendment - April 1994

The *General Land-Use Plan* contained in Section 5 is amended to include the following maps, and revised and added statements:

Figure 4, *Land-Use Plan*, contained in the Original Redevelopment Project and Plan is revised to include two figures: Figure 4A, *Land Use Plan*, and Figure 4B, *Sub-Area Land-Use Plan*.

Figure 4A, *Land-Use Plan*, identifies the major land-use category to be in effect upon adoption of this amended Redevelopment Project and Plan, which is Mixed-Use. The Mixed-Use category includes the provision for commercial, residential, retail, institutional, exhibition, parking and related uses. Also shown in 4A are the locations of major thoroughfares and street rights-of-way, the locations of which are subject to modification by the City.

Figure 4B, *Sub Area Land-Use Plan*, illustrates the recommended predominant use for the nine subareas identified, and provides a guide for future land-use developments and related improvements within the Redevelopment Project Area. Described below are the predominant uses to be included in each subarea.

Subarea 1

Subarea 1 should continue to accommodate office, institutional, retail and services uses which characterize the adjacent Loop area to the north. Restaurants, professional theaters and related business and service uses are encouraged to support existing uses in subareas 2 and 3.

Subarea 2

The predominant use of this subarea should remain hotel and institutional. The City should encourage continued business and institutional uses such as the Chicago Hilton and Towers, the Spertus Museum, Columbia College and Blackstone Theater. Redevelopment should respect the historic character of the Michigan Avenue streetwall.



Subarea 3

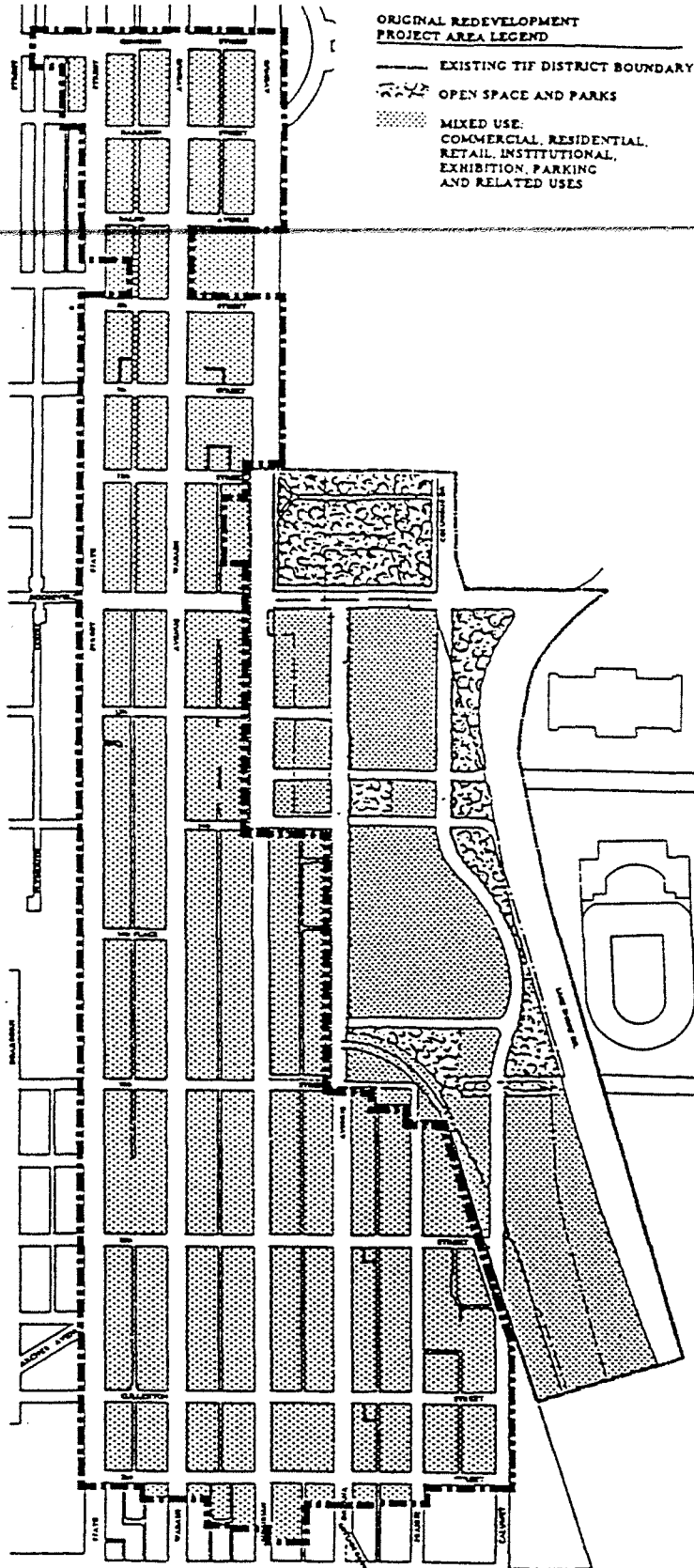
The predominant use of this subarea should be residential with accessory retail. This subarea should allow for high-density residential buildings consistent with recently constructed and rehabilitated buildings such as 2 East 8th, Burnham Plaza and 1130 South Michigan. Within this subarea, new development along Michigan Avenue should respect the historic character of the Michigan Avenue streetwall.

Subarea 4

Community shopping uses (grocery store, drug store, etc.) should be encouraged in subarea 4 to serve the expanding neighborhoods of Dearborn Park I and II, Central Station and various free-standing and converted loft residential buildings. Development should be centered near the intersection of State Street and Roosevelt Road, the CTA subway and elevated stations, and the proposed Central Area Circulator station. Convenience businesses to serve foot traffic from the transit stations should also be encouraged.

**ORIGINAL REDEVELOPMENT
PROJECT AREA LEGEND**

- EXISTING TIF DISTRICT BOUNDARY
-  OPEN SPACE AND PARKS
-  MIXED USE:
COMMERCIAL, RESIDENTIAL,
RETAIL, INSTITUTIONAL,
EXHIBITION, PARKING
AND RELATED USES



AMENDED REDEVELOPMENT PROJECT AREA LEGEND



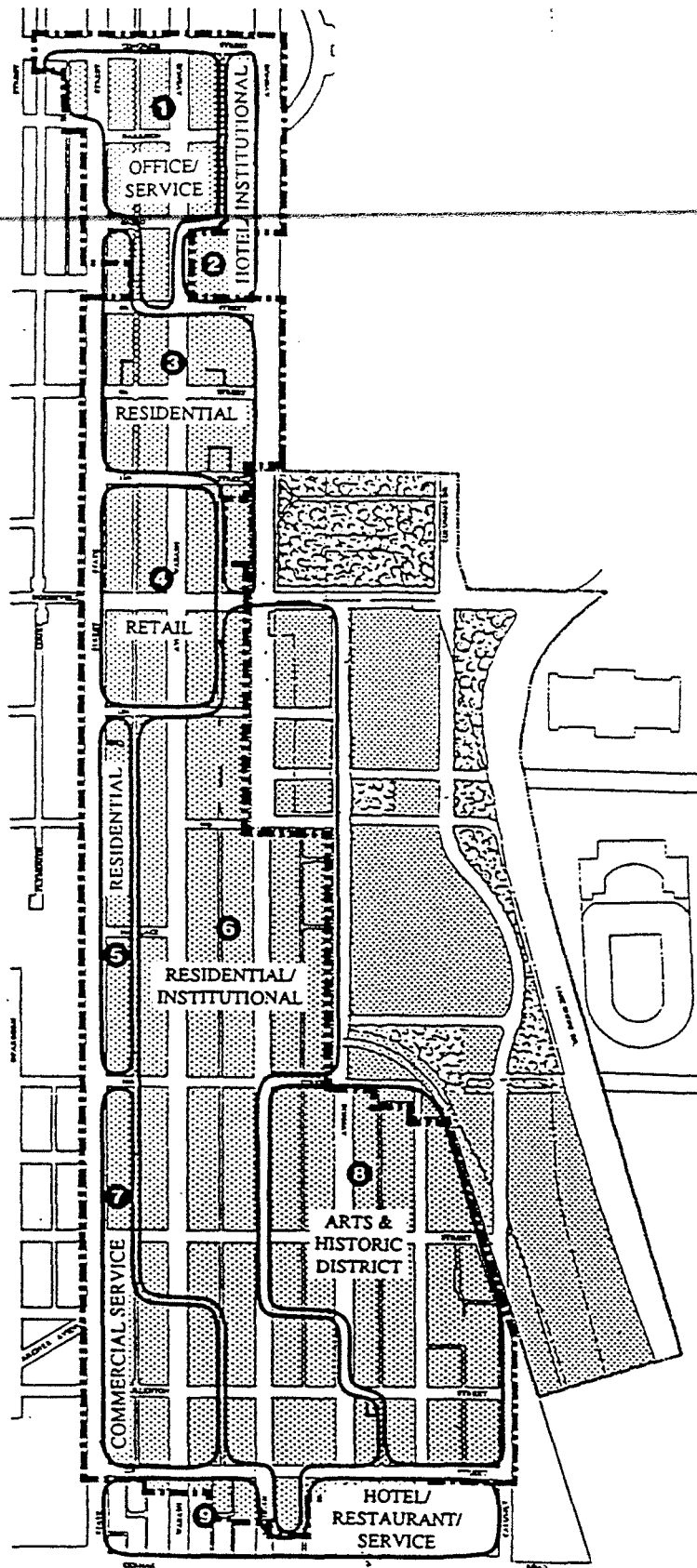
-  AMENDED TIF BOUNDARY
-  MIXED USE:
COMMERCIAL, RESIDENTIAL, RETAIL,
INSTITUTIONAL, EXHIBITION, PARKING
AND RELATED USES

Figure 4A
LAND-USE PLAN
NEAR SOUTH
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT
City of Chicago, Illinois



① SUB AREA NUMBER

Figure 4B
 SUB AREA LAND-USE PLAN
 NEAR SOUTH
 TAX INCREMENT FINANCING
 REDEVELOPMENT PROJECT
 City of Chicago, Illinois

Subarea 5

Residential development that is compatible, in density, with the Dearborn Park II neighborhood located across State Street should be encouraged in subarea 5. Neighborhood retail and business uses should be encouraged on ground floors of residential structures.

Subarea 6

Land should be assembled in underutilized blocks for the development of a range of housing types, rental and sales, in a mixed-density, economically integrated environment. Large scale developments should be approved as planned developments and provide for off-street parking, recreational facilities and other supporting amenities. Residential development within this area should link the Dearborn Park and Central Station neighborhoods. A continuous east-west pedestrian walkway should be provided from the Chicago River to the lakefront.

This subarea should continue to permit institutional uses such as religious facilities, schools, governmental offices, museums and civic organizations, as well as public open spaces and community facilities.

Subarea 7

Commercial services, including wholesale and retail trades, should be located along State Street, north of Cermak.

Subarea 8

Business, residential and cultural uses that are compatible with, support and enhance the existing Prairie Avenue Historic District and the proposed Arts District should be encouraged in Subarea 8. Rehabilitation of existing buildings and redevelopment of vacant sites in the Arts District should be encouraged for business and housing uses, as well as support services, art spaces, public open spaces and community facilities.

Subarea 9

Hotel, restaurant and service uses should be encouraged in subarea 9, as well as other businesses that are compatible with the expanding McCormick Place.

Similar and compatible uses as determined by the City of Chicago Department of Planning and Development should be encouraged within each subarea.

Estimated Redevelopment Project Costs

Amendment - April 1994

Estimated Redevelopment Project Costs contained in Section 5 is amended to read as follows:

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 may include, without limitation, the following:

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

or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code;

11. Interest cost 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;
 - b. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 - d. the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to this Act or such greater amount as may be hereinafter authorized by law, including by P.A. 86-1398.

A range of activities and improvements will be required to implement the 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, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, 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

**ESTIMATED REDEVELOPMENT PROJECT COSTS
NEAR SOUTH REDEVELOPMENT PROGRAM**

Program Action/Improvement (in \$1,000's)	Initial Project Costs	Additional Project Costs	Total Project Costs
Property acquisition, Site Preparation, Demolition, Relocation	\$ 3,300	\$ 6,000	\$ 9,300
Rehabilitation of Existing Buildings	N.A.	21,000	21,000
Roadways and Related Improvements	27,600	7,000	34,600
Utility Improvements	6,500	3,000	9,500
Parks and Open Space	1,800	2,000	3,800
Transit Improvements	N.A.	9,500	9,500
Interest Cost Incurred by Redevelopers	N.A.	10,000	10,000
Job Training and Related Education Programs	500	750	1,250
Analysis, Administration, Studies, Surveys, Legal, <i>et.al.</i>	300	400	700
Contingency	N.A.	6,000	6,000
GROSS PROJECT COST¹	\$ 40,000	\$ 65,650	\$ 105,650

¹ *Gross Project Cost excludes financing costs, including interest expense, capitalized interest, and costs associated with issuing bonds and optional redemptions. Estimated Gross Project Costs are based on 1993 dollars, and are subject to prevailing market conditions at the time they are undertaken.*

Sources of Funds to Pay Redevelopment Project Costs

Amendment - April 1994

Sources of Funds to Pay Redevelopment Project Costs contained in Section 5 is amended to read as follows:

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

Amendment - April 1994

Issuance of Obligations contained in Section 5 is amended to read as follows:

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 2013. 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

Amendment - April 1994

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area in Section 5 is amended to read as follows:

The purpose of identifying the most recent EAV of properties in the Redevelopment Project Area is to provide an estimate of the Initial EAV which the County Clerk will certify for the purpose of calculating incremental EAV and incremental property taxes. In the case of the Central Station Area Tax Increment Financing Redevelopment Project and Plan, there is an Initial EAV (using 1989 EAV) for the area as originally adopted on November 28, 1990, and a second Initial EAV (using 1992 EAV) for the area to be amended into the Central Station Area Tax Increment Financing Redevelopment Project and Plan.

Table 2, *Summary of Initial EAV by Block*, summarizes the initial equalized assessed valuations of blocks within the Original Area and Amended Area. The EAV summary for the Original Area has since been Certified as the Initial Equalized Assessed Valuation by the Cook County Clerk on August 12, 1991, and is \$3,223,423.

The initial EAV summarized in Table 2 for the Amended Area serves as the estimated initial equalized assessed valuations of blocks within the Amended Area as of April 1994. The total initial EAV for the Amended Area is estimated at \$124,791,988, and assumes this amendment to the Redevelopment Plan and Project will occur before the 1993 state equalization factor is issued, which is sometime in June or July 1994. In the event the amendment is adopted after the 1993 state equalization factor is issued, then the 1993 assessed valuations and 1993 state equalization factor will be used by the County to determine the Initial EAV for the Amended Area. Additionally, this estimated amount is subject to any Certificates of Error which may be adjudicated before a final Certified Initial EAV is issued by the Cook County Clerk's office.

The total certified initial EAV for the entire Redevelopment Project Area is estimated at \$128,015,411.

**TABLE 2
SUMMARY OF INITIAL EAV BY BLOCK
NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AREA**

BLOCK NUMBER	[1] ORIGINAL PROJECT AREA	[2] AMENDED PROJECT AREA	ENTIRE PROJECT AREA
17-15-110		\$10,087,753	\$10,087,753
111		\$8,807,434	\$8,807,434
17-15-112	\$0 *		\$0 *
300		\$2,459,481	\$2,459,481
301		\$7,995,577	\$7,995,577
302		\$2,166,319	\$2,166,319
304		\$5,836,194	\$5,836,194
305		\$10,264,638	\$10,264,638
306		\$4,401,836	\$4,401,836
307		\$3,237,637	\$3,237,637
308		\$3,696,048	\$3,696,048
309		\$3,819,510	\$3,819,510
17-15-310	\$0 *		\$0 *
17-15-501	\$0 *		\$0 *
17-16-247		\$1,575,316	\$1,575,316
17-22-100		\$1,415,713	\$1,415,713
101		\$7,599,167	\$7,599,167
17-22-102	\$1,236,479		\$1,236,479
103		\$749,770	\$749,770
104		\$2,732,826	\$2,732,826
17-22-105	\$1,959,440		\$1,959,440
106		\$2,964,749	\$2,964,749
107		\$3,470,369	\$3,470,369
108		\$5,136,042	\$5,136,042
17-22-109	\$10,233		\$10,233
17-22-110	\$0 *		\$0 *
300		\$1,235,667	\$1,235,667
301		\$5,094,929	\$5,094,929
302		\$2,960,436	\$2,960,436
303	\$17,271	\$2,289,881	\$2,307,152
304	\$0 *	\$3,127,719	\$3,127,719 *
305		\$1,281,389	\$1,281,389
306		\$1,110,498	\$1,110,498
307		\$1,742,271	\$1,742,271
308		\$1,142,846	\$1,142,846
309		\$1,676,355	\$1,676,355
310		\$35,368	\$35,368
311		\$1,374,860	\$1,374,860
312		\$3,224,898	\$3,224,898
313		\$3,730,428	\$3,730,428
314		\$1,038,422	\$1,038,422
315		\$1,027,610	\$1,027,610
317		\$68,567	\$68,567
318		\$1,162,295	\$1,162,295
319		\$2,674,962	\$2,674,962
320		\$376,209	\$376,209
500		\$0 *	\$0 *
501	\$0 *	\$0 *	\$0 *
17-27-205	\$0 *		\$0 *
TOTAL	\$3,223,423	\$124,791,988	\$128,015,411

* Contains exempt and or railroad properties

1. Based on 1989 EAV.

2. Based on 1992 EAV, and is subject to final verification and certification by the County Clerk following the adoption of the ordinances to add the Amended Area to the Redevelopment Project Area.

TRKLA, PETTIGREW, ALLEN & PAYNE, INC.

May 24, 1994

Anticipated Equalized Assessed Valuation

Amendment - April 1994

Anticipated Equalized Assessed Valuation in Section 5 is amended to read as follows:

By the year 2005, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at approximately \$530,000,000. 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 residential and commercial developments will increase following completion of the redevelopment activities described in the Redevelopment Plan; and 3) the average State Multiplier for the five year period 1988 through 1992 of 1.9953 will apply to future assessed values.

**CONFORMITY OF THE REDEVELOPMENT PLAN TO THE COMPREHENSIVE PLAN
FOR DEVELOPMENT OF THE CITY OF CHICAGO AS A WHOLE**

The Redevelopment Plan and the Redevelopment Project conform to the 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 and/or considered by the City of Chicago, including, among others, the following:

1. "An Ordinance For the Establishment of Harbor District Number Three; the Construction by the Illinois Central Railroad Company of a New Passenger Station; Electrification of Certain of the Lines of the Illinois Central and Michigan Central Railroad Companies Within the City; and the Development of the Lake Front" passed by the City Council of the City of Chicago in 1919, as amended;
2. The Comprehensive Plan of Chicago of 1966;
3. The Guidelines for Development: I.C. Air Rights -- 11th place to 31st Street of 1972;
4. The Lakefront Plan of Chicago of 1973;
5. The Lake Michigan and Chicago Lakefront Protection Ordinance of 1973;
6. Chicago 21: A Plan for the Central Area Committees of 1973;
7. Chicago Central Area Plan of 1983;
8. The Near South Development Plan of 1986;
9. The Central Station Guidelines; and
10. The Central Station Plan of Development.

7

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.

8

PROVISIONS FOR AMENDING THIS REDEVELOPMENT

This Near South Tax Increment Redevelopment Project and Plan may be amended pursuant to the provisions of the Act.

9

AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the Near South 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 Project and Plan, 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.

**LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT
BY PRIVATE ENTERPRISE**

As described in Section 4 of this Redevelopment Project and Plan report, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous blighting factors, and these factors are reasonably distributed throughout the area. The redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise. Small-scale rehabilitation and new construction projects have occurred on a limited and scattered basis. However, no major large-scale projects have been initiated in over ten years. The lack of private investment is evidenced by the continued existence of blight and the limited number of new development projects undertaken on a planned development basis.

The private investment that has occurred in the near south side in general, but not in the redevelopment area, has occurred with substantial public assistance. Projects such as Dearborn Park, Printers Row, McCormick Place and the original Central Station have all been subsidized with local, state or federal assistance.

Thus, it is clear that private investment in revitalization and redevelopment has not occurred on a comprehensive basis or in a timely manner to overcome the blighting conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Redevelopment Project and Plan, and the adoption of tax increment financing.

FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this Redevelopment Project and Plan, and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped by private enterprise. There is a real prospect that blighted conditions will continue to exist and spread, and the area on the whole will become less attractive for the maintenance and improvement of existing buildings and sites. The possibility of the erosion of the assessed value of property which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment could lead to a reduction of real estate tax revenue to all taxing districts.

Section 5 of this Redevelopment Project and Plan describes the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. The redevelopment program will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment projects and activities set forth in this Plan. If the Redevelopment Project is successful, it is anticipated that the rehabilitation and expansion of existing buildings and new development resulting therefrom will be instrumental in alleviating blighted conditions and restoring the area to a long-term sound condition.

The Redevelopment Project is expected to have both short- and long-term financial impacts on the taxing districts affected by the Redevelopment Plan. During the period when tax increment financing is utilized, real estate tax revenues resulting from increases in EAV over and above the certified initial EAV established at the time of adoption of this Redevelopment Project and Plan will be used to pay redevelopment project costs in the area. At the end of such period, the real estate tax revenues attributable to the increase in EAV over the certified initial EAV will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within the Redevelopment Project Area:

Cook County. The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways.

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration, and management of lands for the purpose of protecting and preserving public open space in the City and County for the education, pleasure and recreation of the public.

Metropolitan Water Reclamation District of Greater Chicago. The district provides the main trunk lines for the collection of waste water from cities, villages and towns, and for the treatment and disposal thereof.

Chicago Community College District 508. The district is a unit of the State of Illinois' system of public community colleges whose objective is to meet the educational needs of residents of the City of Chicago and other students seeking higher education programs and services.

Board of Education. General responsibilities of the Board include the provision, maintenance and operations of educational facilities, and the provision of educational services primarily for kindergarten through twelfth grade.

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City, and for the provision of recreation programs.

Chicago School Finance Authority. The Authority was created in 1980 to exercise oversight and control over the financial affairs of the Board of Education.

City of Chicago. The City is responsible for the provision of the full range of municipal services typically associated with large, mature cities, including: police and fire protection, capital improvements and maintenance, water production and distribution, sanitation service, building, housing and zoning codes, etc.

In addition to the major taxing districts summarized above, the following special taxing districts have taxing jurisdiction over the Redevelopment Project Area: the Chicago Library Fund, Chicago Urban Transportation District, and Special Service Area Number 12 (SSA #12).

The Chicago Library Fund (formerly a separate taxing district from the City) and the Chicago Urban Transportation District no longer extend tax levies, but continue to exist for the purpose of receiving delinquent taxes. In 1991, the City established SSA #12 in connection with the Central Station Area Circulator. Certain properties located within the Redevelopment Project Area are also located within SSA #12. Taxes for SSA #12 are levied on non-residential properties located within its taxing jurisdiction to pay for a portion of the anticipated cost of the construction and operation of the Central Area Circulator.

Non-residential development, such as retail, commercial service, office, hotel, public and institutional uses, should not cause increased demand for services or capital improvements on any of the taxing districts named above except for the Water Reclamation District. Replacement of vacant and underutilized buildings and sites with active and more intensive uses will result in additional demands on services and facilities provided by the Water Reclamation District. However, it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Redevelopment Project Area can be adequately handled by existing treatment facilities maintained and operated by the Water Reclamation District.

Residential development may cause increased demand for services or capital improvements to be provided by the Board of Education, Community College District 508, Chicago Park District, and City. New private investment in residential and non-residential development, and public investment in infrastructure improvements may increase the demand for public services or capital improvements provided by the City of Chicago and the Chicago Park District within and adjacent to the Redevelopment Project Area. These public services or capital improvements may include but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. However, it is not possible at this time to predict, with any degree of reliability, (i) the number or timing of new or rehabilitated residential buildings that may be added within the Redevelopment Project Area, or (ii) the increased level of demand for services or capital improvements to be provided by any taxing district as a result therefrom.

If successful, the implementation of the Redevelopment Project may enhance the values of properties within and adjacent to the Redevelopment Project Area.

PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described more fully in the previous sections, because the scale and mix of development in the Area cannot be predicted with certainty as of the date of this Redevelopment Project and Plan, the scope of the financial impact on taxing districts and increase in the demand for services provided by those districts cannot be quantified at this time. As a result, the City has not developed, at present, a specific plan to address such financial impact or increased demand.

However, as described more fully under *Redevelopment Project and Plan Activities--Provision of Public Improvements* in Section 5 of this Redevelopment Project and Plan, the City plans to provide public improvements and facilities to service the Redevelopment Project Area. Such improvements may mitigate some of the additional service and capital improvement demands placed on taxing districts as a result of the implementation of this Redevelopment Project and Plan.