
**Chicago Lakeside Development – Phase 1
Tax Increment Financing
Redevelopment Plan and Project**

City of Chicago, Illinois

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I. EXECUTIVE SUMMARY

Introduction

The City of Chicago (**the “City”**) is dedicated to the continued growth and economic development of the City. Chicago’s ability to stimulate growth and development relies on the creation and implementation of government policies that will allow the City to work with the private sector to eliminate blighted areas and ensure sound growth and development of property. Based upon the City’s establishment of a redevelopment project area as described herein, it is understood that the City recognizes the necessity of the relationship between continued community growth and public participation. The blighting of communities impairs the value of private investment and threatens the growth of the community’s tax base. Additionally, the City understands the dangers associated with blighting factors and problems arising from blighted conditions. Both of these statements are supported by the City’s establishment of a redevelopment project area.

The Illinois General Assembly passed the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et. seq.) (**the “Act”**) to address the growing number of blighted areas in many Illinois municipalities. The blighting of communities impairs the value of private investment and threatens the growth of the community’s tax base. The Act declares that in order to promote the public health, safety, morals, and welfare, blighting conditions must be eliminated.

The Plan (as defined below) summarizes the analyses and findings of the consultants’ work, which, unless otherwise noted, is the responsibility of Laube Consulting Group LLC (**“Laube”**). The City is entitled to rely on the findings and conclusions of this Plan in designating the Area (as defined below) as a redevelopment project area under the Act. Laube has prepared this Plan and the related eligibility study with the understanding that the City would rely: 1) on the findings and conclusions of the Plan and the related eligibility study in proceeding with the designation of the Area and the adoption and implementation of the Plan, and 2) on the fact that Laube has obtained the necessary information so that the Plan and the related eligibility study will comply with the Act.

Summary of the Plan

The City’s Redevelopment Project Area Tax Increment Allocation Redevelopment Plan and Project (**referred to herein as the “Plan” or “Redevelopment Plan and Project”**) was developed to provide a description of the necessary actions to address existing blighting conditions in the Redevelopment Project Area (**the “Area”**). The Area for the Phase 1 Project, at the former United States Steel (**“USS”**) Southworks site encompasses approximately 87.24 acres of land in the City. The Area is generally bounded by Route 41 to the north and east, South Brandon Ave. to the West, and East 83rd St. to the South. From an economic perspective, the implementation of the Plan through the use of tax increment financing revenues should stimulate private investment in the Area. The expected combined public and private investment that will result from the Plan are anticipated to eliminate the blighting conditions that currently exist in the Area.

The Plan contains the following:

- Redevelopment Project Area Description
- General Goals of the City
- Current Zoning of the Area
- Summary of Blighting Conditions
- Redevelopment Objectives
- Redevelopment Plan and Project Activities
- General Land Use Plan
- Estimated Redevelopment Project Costs
- Sources of Funds to Pay Redevelopment Project Costs
- Issuance of Obligations
- Surplus Incremental Property Tax Revenue
- Most Recent Equalized Assessed Value
- Conformity to the Comprehensive Plan
- Anticipated Equalized Assessed Value
- Provisions for Amending the Plan
- Scheduling of the Plan
- Affirmative Action Plan
- Lack of Growth Through Private Investment
- Financial and Service Impacts on Taxing Districts

II. REDEVELOPMENT PROJECT AREA DESCRIPTION

The Area encompasses approximately 87.24 acres of land in the City. The Area is generally bounded by Route 41 to the north and east, South Brandon Ave. to the West, and East 83rd St. to the South. (See legal description and specific boundary map in the Appendix.) The private property in the Area is owned by Chicago Lakeside Development, LLC (the “Owner”).

Based upon the former use of the Area, the current site conditions, and property history, it is reasonable to conclude that, without the establishment of a redevelopment project area and the use of tax increment financing, the Area is not reasonably anticipated to develop.

Background of the former USS South Works Plant

The Area is the former location of the South Works Steel Mill which was in operation from the 1880's until 1992. Before United States Steel began scaling back its Chicago operations, the entire USS South Works plant contained 6 million square feet of plant space, employed 15,000 people, produced 4 million tons of steel annually, and generated more than \$12 million in annual property taxes.

1972 was the first year of major reduction in operations at the South Works site. By the early 1980's the South Works plant was reduced to 5 million square feet, employed 5,000 people, and produced only 1 million tons of steel annually. During and through the 1980's, continued downsizings took place at the USS South Works plant until it contained only 3 million square feet and employed 1,000 people. In 1992, USS closed the plant.

The continual downsizing and ultimate closure of the South Works plant caused an economic decline in this area of the City. At its peak, the South Works plant provided 15,000 full-time union jobs. The plant once paid \$12 million in annual property taxes, and due to the land being vacant and its value being reduced, the property taxes paid are very minimal now. In addition, the commercial enterprises and residential property values in the adjacent community have suffered greatly from this plant closure.

In 2001, Solo Cup Company acquired the southern third of the South Works site south of 87th St. Solo Cup has chosen not to complete their development at this site although significant site preparation has been completed. As a result the entire former South Works site currently is vacant and undeveloped at this time. Although no portion of the Solo Cup site is part of the Area, Solo Cup's lack of redevelopment activity provides some context for the current condition of the former USS South Works site as a whole.

Overview of the Area

The Area has been stagnant relative to growth. The Area has been vacant and devoid of physical structures for over 10 years. This vacant property also contains many of the foundations of the structures that were previously located on the parcels, and debris from the demolition of the previous structures. The Area is currently vacant and the building foundations from the former steel operations are still present. The area has blighting conditions which are a detriment to the health, safety, and economic environment of the community. The remaining sub-surface structures and other debris in the Area render the Area unsuitable for redevelopment without a huge investment of funds for site preparation and the construction of basic infrastructure. These conditions have a negative impact on the City's ability to create and maintain a high-quality residential and commercial environment in the Area and the surrounding neighborhood.

Phase 1 Planning Efforts for the Area

Subsequent to USS vacating the site, the City along with a development team, has engaged in a large-scale planning effort to transform the former USS South Works site into a Master Planned community along Chicago's lakefront. This effort included the design and layout of an entire new neighborhood, the relocation of U.S. Route 41, new public transit routes and links, and innovative sustainability design.

The proposed development project for the defined Area is the first step in implementing the City's planning efforts. The proposed Phase 1 development of the Area is planned to include many new uses in the Area including, but not limited to single and multi-family residential and new retail uses. A description of the types of uses deemed acceptable for the Area will be detailed in the following section.

This Plan will provide a framework for the establishment of a Redevelopment Project Area, as defined under the Act, for a small portion of the former South Works plant site to facilitate the proposed development (as defined above as the Area.)

Note: The Act provides that blight must be documented on a parcel by parcel basis. For purposes of establishing a Base Equalized Assessed Value ("**EAV**"), the boundaries of the Area must be coterminous with parcel boundaries. As of tax year 2008, the Area is comprised of portions of Property Index Numbers ("**PINs**") that are not coterminous with the boundaries of the Area. These former PINs were 21-32-100-003, 004, 007, 008, 009, 010, and 011. United States Steel has submitted a tax division/consolidation petition with the Cook County Assessor to form a single parcel that is completely within the Area and is identified with a single PIN which meets the requirements of the Act that will allow the Cook County Clerk to certify a Base EAV. The petition was filed and accepted for tax year 2009. As of the date of this Report, a new PIN number has not yet been assigned to the parcel within the Area. Therefore, Laube is documenting the blight in the Area of a single parcel described by metes and bounds and as defined as Parcel A. This Report also includes two (2) legal descriptions: one legal description for the private property within the Area (Parcel A) for use in obtaining a single PIN for the Area, and the other legal description includes the Parcel A area and also includes the adjacent rights-of-way. This larger legal description defines the exterior boundaries of the Area.

III. REDEVELOPMENT PROJECT AREA GOALS AND ZONING

The Act encourages public and private sector cooperation to address and resolve issues with deteriorating and declining areas. The Act, as seen in its legislative history, recognizes that the physical and economic decline of properties impairs the value of private investment and threatens the community's health, safety, and welfare. The continued investment in and development of the Area will strengthen not only the Area, but also the entire City through sound economic growth, an increased tax base, and additional employment opportunities.

The Plan is based on the following redevelopment goals:

General Goals of the City

- Eliminate blighting conditions which prevent further development of the Area;
- Restore and expand the tax base in order to maintain a high level of services, programs, and facilities;
- Encourage use of environmental sustainable design standards;
- Stimulate private investment;
- Encourage new development and expansion in an orderly manner;
- Encourage productive use of underutilized and vacant property;
- Restore and enhance the property-tax base within the Area;
- Encourage sales tax producing enterprises in the Area;
- Enhance the City's image as a desirable place to live;
- Improve efforts to facilitate and attract new housing and commercial development by serving as a catalyst to the private sector;
- Create opportunities Minority Owned and Women Owned business enterprises;
- Create market rate and affordable housing options for residents;
- Utilize the parcels in the Area and surrounding area for a development that is in conformance with the City's overall planning efforts; and
- Encourage the use of public transit.

Zoning for the Area

The Area is currently zoned M3-3 Manufacturing District.

IV. SUMMARY OF BLIGHTING CONDITIONS EXISTING IN THE AREA

As set forth in the Act, the Illinois General Assembly has determined that, in order to promote and protect the health, safety, morals, and welfare of the public, blighted conditions need to be eradicated. The Act also states that the eradication of these blighted conditions are essential to the public interest and that the use of tax increment financing revenues to fund certain redevelopment projects is of benefit to the community.

Prior to the adoption of an ordinance adopting tax increment financing, there are certain statutory requirements that must be met. One of the requirements for eligibility of the area is that the municipality must demonstrate that the Area qualifies as a “blighted area”. Based on site inspections, surveys and area analysis, the Area qualifies for designation as a vacant blighted area as defined in the Act.

Vacant Blighted Area

The qualification is based on an analysis performed regarding each of the vacant blighting factors listed in the Act to determine whether each or any are present in the Area and, if so, to what extent and in what locations. The corresponding Eligibility Report for the Area prepared by Laube (the “Eligibility Report”) describes in detail the methodology and analysis performed resulting in the conclusion that the Area qualifies as a vacant blighted area under the Act. A summary of the vacant blighting factors present for the vacant parcels in the Area follows:

Vacant Land Factor 1- Combination of Two Sub-Criteria

- 1. Obsolete Platting** – This blighting factor is present. The vacant parcels in their current configuration exhibit irregular sizes and shapes that will make it difficult to develop the Area in a manner compatible with contemporary standards and requirements. The lack of interior roadways and subdivision within the Area also make it obsolete by modern-day standards of development.
- 2. Diversity of Ownership** – This blighting factor is not present.
- 3. Tax and Special Assessment Delinquencies exist-** This blighting factor is not present.
- 4. Deterioration of structures or site improvements in neighboring areas** - This blighting factor is present. Various adjacent structures to the Area are deteriorated. The parcels were surveyed using the improved blighting criteria. Certain parcels in the neighboring area consist of single family houses that are in severe disrepair. (For a complete analysis, see the Eligibility Report.)
- 5. The area has incurred Illinois Environmental Protection Agency remediation costs-** This blighting factor is present. The Area has incurred environmental remediation costs in the past and will incur additional remediation costs in the future as development progresses. (See the Eligibility Report for details.)

6. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years – This blighting factor is not present.

Vacant Land Factor 2- Unused Quarries

The area consists of one or more unused quarries, mines, or strip mine ponds – This blighting factor is not present.

Vacant Land Factor 3- Unused Rail Yards

The area consists of unused rail yards, rail tracks, or railroad right-of-way. – This blighting factor is present. There are unused railtracks throughout the Area.

Vacant Land Factor 4- Chronic Flooding

The area prior to its designation, is subject to chronic flooding that adversely impacts real property in the area – This blighting factor is not present.

Vacant Land Factor 5- Unused Disposal Site

The area consists of an unused disposal site, containing earth, stone, building debris or similar materials – This blighting factor is present. The Area is a “fill-site” which means that the majority of it has been filled with the steel by-product slag. Additionally, the Area contains various dumped building materials including stone, wooden beams, metal cables, iron ore, and scrap metal.

Vacant Land Factor 6- Vacancies

The area is not less than 50 nor more than 100 acres, and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposed within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in the Act, and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that purpose – This blighting factor is not present.

Vacant Land Factor 7- Former Blighted Area

The area qualified as a blighted improved area immediately prior to becoming vacant – This blighting factor is not present.

Overall Conclusion for the Vacant Parcels

The vacant parcels clearly demonstrated three (3) of the seven (7) blighting factors. The Area exhibited four sub-criteria, resulting in meeting the first factor, and two additional factors totaling three of the seven factors. Since only one (1) of seven (7) blighting factors is necessary, the vacant parcels comprising the Area qualify as blighted under the Act. These factors are documented in the accompanying Eligibility Report.

V. TAX INCREMENT FINANCING REDEVELOPMENT PROJECT

This section presents the Plan to be implemented by the City in the Area. The section is divided into the following subsections:

- Redevelopment Objectives
- Redevelopment Plan and Project Activities
- General Land-Use Plan
- Estimated Redevelopment Project Costs
- Sources of Funds to Pay Redevelopment Project Costs
- Issuance of Obligations
- Surplus Incremental Property Tax Revenue
- Most Recent EAV
- Anticipated EAV
- Potential Future Site Acquisition
- Affordable Housing
- Redevelopment and Intergovernmental Agreements
- Potential Future Relocation Needs

Redevelopment Objectives

The following represent major redevelopment objectives of the City:

- Enhance the City's image as a desirable place to live;
- Reduce or eliminate those conditions which qualify the Area as a blighted area;
- Expand the tax base in order to maintain a high level of services, programs, and facilities;
- Encourage productive use of underutilized and/or vacant properties;
- Strengthen the economic well-being of the Area;
- Eliminate blighting conditions which prevent further development of the Area;
- Stimulate private investment;
- Increase revenue (e.g., property and sales tax revenue) generation from currently underutilized and/or vacant property within the Area;
- Assemble or encourage the assembly of land into parcels of appropriate size and shape for redevelopment in accordance with this Plan;
- Encourage functional and visually attractive buildings, rights-of-way, and open spaces and encourage high standards of design;
- Provide needed improvements and facilities in proper relationship to the projected demand for such facilities in accordance with the present-day design standards for such facilities;
- Provide needed incentives to encourage a broad range of improvements and new development;
- Provide opportunities for minority owned and woman owned businesses to share in the redevelopment of the Area;
- Provide market rate and affordable housing options for the City's residents;
- Encourage use of environmentally sustainable design standards; and
- Encourage the use of public transit.

Redevelopment Plan and Project Costs and Activities

The various redevelopment expenditures that are eligible for payment or reimbursement under the Act are reviewed below. Following this review is a list of estimated redevelopment project costs that are deemed to be necessary to implement this Plan (the “Redevelopment Project Costs.”)

In the event the Act is amended after the date of the approval of this Plan by the City Council of Chicago to: (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11)), this Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Plan, to the extent permitted by the Act. In the event of such amendment(s) to the Act, the City may add any new eligible redevelopment project costs as a line item in Table 1 or otherwise adjust the line items in Plan Table 1 below without amendment to this Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs without a further amendment to this Plan.

1. Eligible Redevelopment Costs

To achieve the goals outlined above, the City proposes to assist with the redevelopment of designated parcels located in the Area through the use of tax increment financing.

Redevelopment Project Costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Plan pursuant to the Act (including any costs incurred as necessary or desirable in formulating or that are incidental to this Plan, such as but not limited to costs for architects, engineers, planners, lawyers and other consultants related to such planning work). Such costs may include, without limitation, the following:

- a) Costs of studies, surveys, development of plans and specifications, implementation and administration of the Plan including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) The costs of marketing sites within the Area to prospective businesses, developers and investors;
- c) 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, site preparation, environmental remediation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, engineering and compacting the steel slag and related foundations, and the clearing and grading of land;

- d) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- e) Costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- f) Costs of job training and retraining projects including the cost of “welfare to work” programs implemented by businesses located within the Project Area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the City with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of job-related skills including residents of public and other subsidized housing and people with disabilities;
- g) 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 thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and including reasonable reserves related thereto;
- h) To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district’s capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.
- i) Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act;
- j) Payment in lieu of taxes, as defined in the Act;
- k) Costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs; (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Project Area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;

- l) Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 2. 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;
 3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 4. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project; (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act;
 5. for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, the percentage of 75 percent shall be substituted for 30 percent in subparagraphs 2 and 4 above.
- m) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost;
- n) Instead of the eligible costs provided for in 1, 2, 4 and 5 above, the City may pay up to 50 percent of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and
- o) The costs of daycare services for children of employees from low-income families working for businesses located within the Area and all or a portion of the cost of operation of day care centers established by Area businesses to serve employees from low-income families working in businesses located in the Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80 percent of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 *et seq.*, then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

All of the above-mentioned Plan activities would take specific action on the part of the City.

General Land Use Plan

The proposed land use plan for the Area includes the following uses:

- Single-family detached and attached dwelling units,
- Multiple family units,
- Accessory buildings and uses,
- Parks and recreational areas,
- Retail,
- Office and Institutional,
- Community and recreation centers,
- Light industrial,
- Entertainment/Restaurant facilities, and
- Educational facilities.

These general types of uses are consistent with the overall goals of the Area for the following reasons:

- Through private investment in redevelopment, the tax base of the Area will increase.
- The increased tax base will generate additional incremental property tax revenues which may be used to fund eligible project costs in accordance with the Plan.
- Through private investment and implementation of the Plan, it is reasonably anticipated that the improved land blighting factors will be eliminated.
- Through private investment, productive use of underutilized and vacant land will be achieved.

Estimated Redevelopment Project Costs

To eliminate the blighting factors present in the Area and to meet the redevelopment objectives, the City plans to make and/or induce a number of improvements in the Area. Plan Table 1 below identifies the eligible Redevelopment Project Costs under the Act that the City may fund to implement the Plan over the Area's twenty-three (23) year life.

Redevelopment projects in the Area would not reasonably be anticipated to be developed without the adoption of the Plan.

Plan Table 1

Estimated Redevelopment Project Costs
Redevelopment Project Area

Eligible Activities:

1. Analysis, Administration, Studies, Surveys, Legal, Marketing, etc.	<i>\$25,000,000</i>
2. Property Assembly including Acquisition, Site Prep and Demolition, Environmental Remediation	<i>55,000,000</i>
3. Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation Costs	<i>10,000,000</i>
4. Public Works & Improvements, including streets and utilities, parks and open space, public facilities (schools & other public facilities) (Note 1 below)	<i>55,000,000</i>
5. Job Training, Retraining, Welfare-to-Work	<i>1,000,000</i>
6. Financing costs	<i>10,000,000</i>
7. Relocation costs	<i>1,000,000</i>
8. Interest subsidy	<i>5,000,000</i>
<i>Total Eligible Redevelopment Project Costs (Notes 2-5 below)</i>	<u><i>\$162,000,000</i></u>

Notes for Plan Table 1 – Redevelopment Project Costs

- (1) This category may also include paying for or reimbursing: (i) an elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts impacted by the redevelopment of the Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all, or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Plan.

- (2) Total Redevelopment Project Costs represent an upper limit on expenditures that are to be funded using tax increment revenues and exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs. Within this limit, adjustments may be made in line items without amendment to this Plan, to the extent permitted by the Act.

- (3) The amount of the Total Redevelopment Costs that can be incurred in the Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Area only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Area, but will not be reduced by the amount of redevelopment project costs incurred in the Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Area only by a public right-of-way.

- (4) All costs are shown in 2009 dollars and may be increased by five percent (5%) after adjusting for inflation reflected in the Consumer Price Index ("CPI") for All Urban Consumers for All Items for the Chicago-Gary-Kenosha, IL-IN-WI CMSA, published by the U.S. Department of Labor.

- (5) Additional funding from other sources such as federal, state, county, or local grant funds may be utilized to supplement the City's ability to finance Redevelopment Project Costs identified above.

Sources of Funds

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are: land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the City may deem appropriate. The City may incur Redevelopment Project Costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed from such costs from incremental taxes. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the City may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received.

The Area may be contiguous to or separated by only a public right-of-way from other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right-of-way, and vice versa. The amount of revenue from the Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Area, shall not at any time exceed the total Redevelopment Project Costs described in this Plan. The Area may become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.6-1, *et seq.*). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the Area, the City may determine that it is in the best interests of the City and the furtherance of the purposes of the Plan that net revenues from the Area be made available to support any such redevelopment project areas, and vice versa. The City therefore proposes to utilize net incremental revenues received from the Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas and vice versa. Such revenues may be transferred or loaned between the Area and such areas. The amount of revenue from the Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in this Plan.

Issuance Of Obligations

The City may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation, the City may pledge its full faith and credit through the issuance of general obligation bonds. Additionally, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act and/or Illinois law.

The redevelopment project in the Area shall be completed, and all obligations issued to finance Redevelopment Project Costs shall be retired no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving the Project Area is adopted (i.e., assuming City Council designation of the Area and approval of the Project Area and Plan in 2010 by December 31, 2033). Also, the final maturity date of any such obligations which are issued may not be later than 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 Plan. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, and are not otherwise required, pledged, earmarked or otherwise designated for the payment of Redevelopment Project Costs, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Area in the manner provided by the Act.

Surplus Incremental Tax Revenue

Moneys in the special allocation fund established for the Area and not required for payment and security of the obligations and Redevelopment Project Costs shall be calculated annually and declared surplus. Surplus funds must be distributed to the taxing districts having jurisdiction over the Area in accordance with the Act.

Most Recent EAV

The purpose of identifying the most recent equalized assessed valuation ("**EAV**") of the Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The estimated 2008 EAV of all taxable parcels existing within the proposed boundaries of the Area is approximately \$2,744,065. The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Area will be calculated by Cook County. Additionally, since the Permanent Index Number has not been assigned, nor has an actual EAV been assigned to it, the Clerk may certify a future year's EAV as the Act provides that it is the most recently ascertainable EAV as of the date of the adoption of the Plan. Certification of a different year's EAV or changes to the amounts estimated above shall not constitute a change in this Plan.

Anticipated EAV

Based upon the implementation of the Plan, numerous blighting factors will be eliminated and growth and development of the Area will occur in accordance with the Redevelopment Agreement(s) between the City and businesses in the Area and other interested parties. It is estimated that the total EAV of the real property following completion of the redevelopment project in the Area will be approximately \$315,000,000.

Potential Future Site Acquisition

To meet the goals and objectives of the Plan and if needed and deemed appropriate in the future, the City may acquire and assemble property throughout the Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program and may be for the purpose of: (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development.

In connection with the City exercising its power to acquire real property, including the exercise of the power of eminent domain, under the Act in implementing the Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. There is currently no acquisition of land contemplated by the City. However, acquisition of such real property as may be authorized by the City Council in the future does not constitute a change in the nature of this Plan.

Affordable Housing

The City requires that developers who receive Tax Increment Financing assistance for market rate housing set aside 20 percent of the units to meet affordability criteria established by the City's Department of Community Development or any successor agency. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 100 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 60 percent of the area median income. Specific requirements of each development shall be set forth in each respective Redevelopment Agreement.

Redevelopment and Intergovernmental Agreements

The City may enter into redevelopment agreements or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate or restore private or public improvements on one or several parcels (collectively referred to as "Redevelopment Projects").

Potential Future Relocation Needs

Relocation assistance may be provided in order to facilitate redevelopment of portions of the Project Area, and to meet the other City objectives. Businesses or households legally occupying properties to be acquired by the City may be provided with relocation advisory and financial assistance as determined by the City.

VI. CONFORMITY TO THE COMPREHENSIVE PLAN

This Redevelopment Plan and Project include land uses which will be approved by the Chicago Plan Commission prior to the adoption of the Redevelopment Plan and Project.

Therefore, the overall proposed land use is consistent with the intent and direction set forth by comprehensive and strategic planning efforts.

VII. PROVISIONS FOR AMENDING THE PLAN

The Plan may be amended by the City in accordance with the provisions in the Act.

VIII. SCHEDULING OF PLAN

Over the life of the Area, the timing of business investment cannot be predicted with precision. However, it is reasonable to expect the following public and private investments over the life of the Area. As the Plan is implemented, the numerous blighting factors present in the Area will be eliminated and the following activities are likely to occur:

- Clearing and grading of the land within the Area
- Provision for adequate water, sewers and electrical power to support development
- Construction of new market rate and affordable living units in the area
- Construction of commercial buildings that will support retail, office, and other commercial uses
- Implement reconstruction, renovation, and extension of public roadways as required to service existing and new businesses
- Private investment in new facilities

The estimated date for completion of the Area shall be no later than 23-years from the adoption of the ordinance of the City Council approving the Area.

IX. AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to this Plan:

- A) The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment 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, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income, or housing status.
- B) Redevelopers must meet the City's standards for participation of 24 percent Minority Business Enterprises and four percent Woman Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.
- C) This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- D) Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

The City shall have the right in its sole discretion to exempt certain small businesses, residential property owners and developers from the above.

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

X. LACK OF GROWTH THROUGH PRIVATE INVESTMENT

Based on Laube's observations and research of the Area, there has been no new construction or significant redevelopment in the Area for the last two decades. The lack of private investment is evidenced by the following findings and conditions:

- The parcels have remained vacant since 1997 after closing the plant in 1992 and undertaking clearance of the site.
-
- All buildings were demolished between 1992 and 1997 from an above grade perspective. The foundations of the buildings still remain in place.
- The existence of the steel production facility's foundations, the existence of a significant amount of slag, environmental costs, and the lack of infrastructure create an economic impediment to the further development of the site.
- The presence of the blighting conditions, as detailed in the Eligibility Report, creates an impediment to the further development of the site.
- In 1972, the USS South Works site employed 15,000 people and had a capacity to produce 4 million tons of steel annually. Today, USS employs approximately 5 people at this location solely engaged in site security and administration.

The Area is an excellent example of the type of area which lacks the requisite private investment to prevent or eliminate blighting factors in the general area and promote business growth and the health, safety, and morals of the community.

In summary, the Area on the whole has not been subject to growth and development through investment by private enterprise, and the Area is not reasonably anticipated to further develop without the direct participation of the City through the implementation of the Plan and the use of tax increment financing.

XI. FINANCIAL AND SERVICE IMPACTS ON TAXING DISTRICTS

The Act requires an assessment of any financial impact of the Area on, or any increased demand for services from, any taxing district affected by the Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the Area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

The following major taxing districts levy property tax on land located within the Area:

- Cook County – Cook County has the 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 – This District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.
- Metropolitan Water Reclamation District of Greater Chicago – This District provides the main sewerage lines for the collection, treatment, and disposal of waste water from municipalities.
- Chicago Community College District 508 – This district is a unit of the State of Illinois' public community college system. Their objective is to meet the educational needs of the residents of the City and other Illinois residents seeking higher educational programs and vocational services.
- Board of Education of the City of Chicago – The Board of Education is responsible for the provision of educational services and the provision, operation, and maintenance of education facilities for students ranging from Kindergarten through Senior Year in High School (e.g., 12th Grade).
- Chicago Park District – This District is responsible for the provision, maintenance, and operation of park and recreational facilities throughout the City.
- Chicago School Finance Authority – The School Finance Authority exercises oversight and control over the affairs of the Board of Education.
- City of Chicago – The City is responsible for the provision of a wide range of municipal services, including, but not limited to: sanitation, water distribution and supply, police protection, fire protection, planning and development, building, housing and zoning codes, and many others.

In addition to the major taxing districts delineated above, the City of Chicago Library Fund and Chicago Urban Transportation District have taxing jurisdiction over the Area. Although these districts no longer extend taxing levies, they continue to exist for purposes of receiving delinquent property taxes.

Impact of the Redevelopment Plan and Project

The implementation of this Redevelopment Plan and Project is anticipated to have a direct impact on the following taxing districts:

- Metropolitan Water Reclamation District of Chicago – The development of currently vacant and underutilized land in the Area may cause increased demand for services and capital improvements provided by the Water Reclamation District.
- Board of Education of the City of Chicago – Because the Area is expected to be developed with residential dwelling units, it is anticipated that there will be additional use of the local elementary and high schools.
- Chicago Park District – The future development of the proposed lakefront park and open space is anticipated to cause an increase in the demand for Park District services and capital improvements.
- City of Chicago – The replacement of currently vacant property with residential units and commercial space is anticipated to increase the demand for police protection, fire protection, sanitary collection, sewer service, recycling, etc.

Program to Address Increased Demand for Services or Capital Improvements

These taxing districts will continue to receive property tax revenues net of any incremental property tax revenues attributable to new development within the Area during the 23-year life of the Area. It is also reasonable to assume that the economic and financial benefits resulting from redevelopment efforts in the Area will extend into other sections of the adjacent community and generate additional revenues for the affected taxing districts. In addition, after the 23-year life of the Area, the taxing districts will receive the benefits of an increased property tax base. It is also reasonable to assume that the benefits of the increased property tax base would not occur without the implementation of the Plan and the use of tax increment financing. Specific programs for each affected taxing district follows:

- Metropolitan Water Reclamation District of Chicago – Any increase in demand for treatment of sanitary and storm sewage associated with the Area can be addressed by the existing treatment facilities currently in place. Therefore, no assistance is proposed for this district.
- Board of Education of the City of Chicago – It is expected that the potential additional students in the Area will be adequately served by the existing schools in the general area and/or prospective schools to be built that will accommodate the additional population in the Area. Therefore no special assistance is proposed for this taxing district. If assistance is required in the future, the City will revisit this.
- Chicago Park District – Given the expected increase for demand for Park District services associated with the Area, the City can seek to support the Chicago Park District in securing funding commitments toward the development of the proposed lakefront park and open space in and adjacent to the Area with funding other than the tax increment generated from this Area.
- City of Chicago – It is expected that the increase in demand for City services and programs associated with the Area can be adequately addressed by existing City staff, police, fire protection, sanitary collection, and recycling services currently operated and maintained by the City. Therefore, no special assistance is proposed for this taxing district.

However, during the life of this Area, the City does recognize that the implementation of the Plan may have greater impact on the City and other taxing districts than currently anticipated. Given the anticipated scope, timing, and future changes in the market conditions, it is difficult to estimate with any degree of certainty what these impacts may be, if any. However, the City will work with the taxing districts to provide the increase in necessary programs and services including, but not limited to, reasonable measures in any redevelopment agreements entered into with any developers or other entities to mitigate such fiscal impacts. Actions by the City may include, but are not limited to, the following:

- Entering into redevelopment agreements or intergovernmental agreements with private entities or public entities to construct, rehabilitate, renovate or restore private or public improvements on one or several parcels (collectively referred to as “Redevelopment Projects”).
- Establishing a Special Service Area to provide additional funds, solely from new development, to mitigate increased burden on the taxing districts.
- Establishing special assessments to support City obligations.

The City may do all or none of these actions as determined solely by the appropriate City officials and City Council.

XII. CONCLUSIONS

The following statements summarize the Plan:

- The Area on the whole has not been subject to growth and development.
- Without the establishment of a redevelopment project area and the use of tax increment financing, the Area is not likely to experience significant growth or private development.
- Implementation of the Plan will meet the City's long-term development objectives, eliminate the blighting conditions which exist in the Area, and enhance the morals, safety, and welfare of the City.

Chicago Lakeside Development – Phase 1 Tax Increment Financing Eligibility Report

City of Chicago, Illinois

October 29, 2009

**City of Chicago
Richard M. Daley, Mayor**

**Department of Community Development
Christine Raguso, Acting Commissioner**

**Prepared by:
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- Appendix Table 1 – Summary of Blighting Factors
- Appendix Table 2 – Parcel Numbers, and estimated 2008 Equalized Assessed Value
- Legal Description and Boundary Map of Parcel A
- Legal Description and Boundary Map of the Area
- Location Map of the Area
- Map of Adjacent TIF Districts and TIF Districts in General Area
- Land Use Map

I. Executive Summary

Purpose of Report

Laube Consulting Group LLC ("**Laube**") has been engaged to prepare this Eligibility Report of a Proposed Redevelopment Project Area for Tax Increment Allocation Financing for the proposed Lakeside Redevelopment Phase 1 Project Area (**the "Report"**) in order to assist the City of Chicago (**the "City"**) in determining whether or not this area of the City qualifies for designation as a redevelopment project area under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et. seq.) (**the "Act"**). This report summarizes the analyses and findings of Laube's work, which is the responsibility of Laube. Laube has prepared this report with the understanding that the City would rely: 1) on the findings and conclusions of this report in proceeding with the designation of the Area (as defined below) as a redevelopment project area under the Act, and 2) on the fact that Laube has obtained the necessary information to conclude that the Area can be designated as a redevelopment project area in compliance with the Act.

Scope of Report

The Report identifies proposed boundaries of the proposed Redevelopment Project Area (**the "Area"**). These proposed boundaries were developed based on the existence of certain blighting factors present in the Area. The Report establishes the blighting factors which are present in the Area on a parcel by parcel basis. To establish the fact that the blighting factors are geographically distributed across the proposed Area, Appendix Table 1, which is included in the Appendix, illustrates the presence of blighting factors on a per parcel basis for the vacant parcels that are located within the Area.

Methodology

Laube conducted various surveys, within the Area, of existing conditions and land uses. In conducting these surveys, the Area conditions were documented and tabulated by the types of blighting factors delineated in the Act. An analysis was made of each of the blighting factors to determine the locations and extent to which each of the factors is present in the Area. Listed below are the types of surveys and analyses conducted by Laube.

- I. Exterior survey of the condition of the area;
- II. Analysis of the condition of the vacant land;
- III. Analysis of current parcel configurations, sizes and layouts;
- IV. Site survey of streets, driveways, sidewalks, curbs, gutters, lighting, parking, landscaping, fences and walls, and general property maintenance; and
- V. Analysis of real estate property values for all tax parcels within the Area for years 2002 - 2007.

Based on the above surveys and analyses and through the application of the language of the Act, we were able to determine which blighting factors were applicable to the various parcels within the Area.

Findings Under the Act

Note: The Act provides that blight must be documented on a parcel by parcel basis. For purposes of establishing a Base Equalized Assessed Value (“**EAV**”), the boundaries of the Area must be coterminous with tax parcel boundaries. As of tax year 2008, the Area is comprised of portions of Property Index Numbers (“**PINs**”) that are not coterminous with the boundaries of the Area. These former PINs were 21-32-100-003, 004, 007, 008, 009, 010, and 011. United States Steel has submitted a tax division/consolidation petition with the Cook County Assessor to form a single parcel that is completely within the Area and is identified with a single PIN which meets the requirements of the Act that will allow the Cook County Clerk to certify a Base EAV. The petition was filed and accepted for tax year 2009. As of the date of this Report, a new PIN number has not yet been assigned to the parcel within the Area. Therefore, we are documenting the blight in the Area of a single parcel described by metes and bounds and as defined as Parcel A. This Report also includes two (2) legal descriptions: one legal description for the private property within the Area (Parcel A) for use in obtaining a single PIN for the Area, and the other legal description includes the Parcel A area and also includes the adjacent rights-of-way. This larger legal description defines the exterior boundaries of the Area.

As delineated in the Act, the Area must exhibit at least one of seven possible blighting factors in order to qualify as a “blighted area” for designation as a redevelopment project area. The parcels in the Area exhibited three of seven blighting factors. Specifically, the parcels exhibited a combination of three sub-criteria, resulting in meeting one factor, and two additional factors, totaling three of seven factors. Based on our findings, we believe that the vacant parcels and the Area qualify for designation as a blighted area under the Act.

Appendix Table 1 shows a summary of the number and degree of the blighting factors. Based on our findings, those factors that are listed on each parcel are evenly distributed throughout each parcel and the Area.

In summary, Laube believes the Area, based upon the criteria delineated in the Act, qualifies for eligibility as a “blighted area” under the Act. However, the ultimate responsibility for designation lies with the City. The purpose of this report is to assist the City in the decision process of establishing a Redevelopment Project Area as defined by the Act.

II. Basis for Redevelopment

As set forth in the Act, the Illinois General Assembly has determined that in order to promote and protect the health, safety, morals, and welfare of the public, blighted conditions within Illinois need to be eradicated. The Act also states that the eradication of these blighted conditions is essential to the public interest and that the use of tax incremental revenues to fund certain projects designed to do so benefits the community.

Prior to adopting an ordinance authorizing the use of tax increment financing under the Act for a proposed redevelopment area, certain statutory requirements must be met. One of the requirements is that the municipality must demonstrate that the proposed redevelopment area qualifies as a “blighted area”. In this case, Laube has documented the statutory blighting factors under the Act. To designate the Area as a blighted area, the City must determine the following:

- One or more blighting criteria are present in the Area for vacant parcel of land (or specifically two (2) of the first set of six (6) factors (considered one factor) or one (1) of a second set of six (6) factors - see below.) (65 ILCS 5/11-74.4-3).
- The Area on the whole has not been subject to growth and development through private investment by private enterprise and would not reasonably be anticipated to be redeveloped without the adoption of the Redevelopment Plan. (65 ILCS 5/11-74.4-3)
- The Area would not reasonably be anticipated to be developed without the use of incremental property tax revenues through tax increment financing.

The following statements provide the legislative basis for tax increment financing in Illinois:

- The existence of blighted areas or areas close to being blighted threatens the sound growth of the tax base and negatively impacts the welfare of the public. In addition, the welfare of the public would be enhanced through the development of blighted areas.
- The blighting conditions in the Area need to be eradicated, conservation measures instituted, and redevelopment of blighted areas undertaken to alleviate these blighting conditions. The alleviation of blight through development is essential to the public interest.
- The Area should be developed or redeveloped through the use of incremental property tax revenues derived from tax rates of other taxing districts located in the Area. Taxing districts in the Area would not derive the benefits of an increased assessment base without the benefits of tax increment financing. All taxing districts benefit from the removal of blighting conditions.
- It is necessary to eliminate these blighting conditions for private development to take place.

III. Redevelopment Project Area

The Area encompasses approximately 87.24 acres of land in the City including the public rights-of-way (Parcel A alone is approximately 69 acres). The Area is generally bounded by Route 41 to the north and east, Brandon Ave. to the West, and 83rd St. to the South. (Please see legal description and boundary map in the Appendix.)

Blighting Conditions

Representatives from Laube visited the Area to ascertain the physical condition of properties and infrastructure located within the Area. Laube also gathered and reviewed various data from the City and County associated with the parcels located within the Area.

Based on Laube's review of the Area, Laube believes that a sufficient basis exists for the identification of a blighted area and establishment of a redevelopment project area at this location under the Act.

Specifically, under the Act, the vacant parcels within the Area exhibited three of the seven blighting factors necessary to identify a blighted area. The Area exhibited three sub-criteria, resulting in meeting one factor, and two additional factors, totaling three of the seven factors. Since every parcel in the Area contains the required levels of blighting factors, it is our conclusion that the blight is evenly distributed to a reasonable and sufficient extent throughout the Area.

IV. Eligibility of a Blighted Area Under the Act

A blighted area can either be improved or vacant. The area in question is vacant. If the area is vacant, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by one of the following factors:

1. If the area is vacant (e.g. property without industrial, commercial, and residential buildings which has not been used for commercial or agricultural purposes within 5 years prior to the designation of the project area), a finding may be made that the area is impaired by a combination of two or more of the six following sub-factors:
 - Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate rights-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.
 - Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.
 - Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code within the last 5 years.
 - Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
 - The Area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.
 - The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.
2. The area consists of one or more unused quarries, mines, or strip mine ponds

3. The area consists of unused rail yards, rail tracks, or railroad right-of-way;
4. The area prior to its designation, is subject to chronic flooding that adversely impacts on real property in the area which is included in or (is) in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding;
5. The area consists of an unused or illegal disposal site, containing earth, stone, building debris or similar material, which was removed from construction, demolition, excavation or dredge sites;
6. The area is not less than 50 nor more than 100 acres, and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in the Act, and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that purpose.
7. The area qualified as a blighted improved area immediately prior to becoming vacant.

V. Findings From the Eligibility Survey and Analysis Under the Act

An analysis was made of each of the blighting factors listed in the Act to determine whether each or any are present in the Area and, if so, to what extent and in what locations. Surveys and analyses within the Area included:

- Survey of the condition of the vacant land;
- Review of Geo-Technical Reports for the site;
- Field survey of conditions of sidewalks, curbs and gutters, lighting, parking facilities, landscaping, fences and walls, and general property maintenance;
- Analysis of existing uses and their relationships to neighboring properties; and
- Site coverage.

The blighting factors within the Area were evaluated on a tax parcel basis as required by the Act. There are is one (1) parcel within the Area. The parcel is delineated as follows:

- Parcel A

(Map and legal description of Parcel A shown in the Appendix).

All parcels were evaluated using the “Vacant Blighted Area” criteria.

Each blighting factor is rated on one of the three following categories:

Not Present	Indicates that no information was available or that no evidence could be documented as part of the various surveys and analyses.
Present to a Limited Extent	Indicates that conditions exist which document that the factor is present, but the distribution of impact of the blighting condition is limited.
Present to a Major Extent	Indicates that conditions exist which document that the factor is present throughout a major portion of the proposed Area and the presence of such conditions have an influence on adjacent and nearby development.

The following is a summary evaluation of the respective factors, presented in the order of their listing in the Act. A definition of each category is presented followed by the conditions that exist and the relative extent to which each factor is present.

Vacant Blighted Area

The vacant blighted area criteria were utilized for the survey and evaluation of the Parcel A. These parcels consist of 100 percent vacant land that was previously improved but has now been razed to foundation level. The survey of these parcels rendered the following results:

VACANT LAND FACTOR 1 – Combination of Two Factors

A combination of two or more of the following factors: obsolete platting of the vacant land, diversity of ownership of such land, tax and special assessment delinquencies on such land, deterioration of structures or site improvements in neighboring area adjacent to the vacant land, existence of remediation costs incurred due to Illinois Environmental Protection Agency or United States Environmental Protection Agency standards, the decline of the equalized assessed value of the property for 3 of the last 5 calendar year prior to the year in which the redevelopment project area was designated.

A. Analysis of Obsolete Platting

The vacant parcels in their current configurations exhibit irregular sizes and shapes that will make it difficult to develop the Area in a manner that is compatible with contemporary standards and requirements.

The American Institute of Real Estate Appraisers defines obsolescence as follows: “One of the causes of depreciation. An impairment of desirability and usefulness caused by new inventions, current changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external [economical].”

Real estate development is driven by the highest and best use of a property at the time the property is developed. Over time, changes in technology, design, and economics may alter the highest and best use of a property causing it to become functionally or economically obsolete. Obsolescence has an overall blighting effect on the surrounding area, detracting from the desirability of the overall area.

The lack of interior access roads, and the current parcel configuration make it difficult to accommodate multiple users or the development plans that are in conformance with the planning efforts of the City. The configuration was conducive to a steel mill and is not practical for contemporary development standards or standards associated with the Redevelopment Plan and Project for the Area as proposed by the City. The Area’s configuration, lay-out, and lack of access roads and other basic infrastructure make it obsolete by modern-day standards and create a material and serious impediment to development on the site.

Conclusion for Obsolete Platting – Present to a Major Extent

B. Analysis of Diversity of Ownership

All parcels are currently owned by one entity.

Conclusion for Diversity of Ownership – Not Present

C. Analysis of Tax and Special Assessment Delinquencies Exist

All taxes and assessments are currently up to date with respect to payment.

Conclusion for Tax and Special Assessment Delinquencies – Not Present

D. Analysis of Deterioration of structures or site improvements in neighboring areas

The parcels south of 83rd St. that are in the South Chicago Redevelopment Project Area (the “Southern Parcels”), were also surveyed using the improved blighting criteria. The South Chicago Redevelopment Project Area Designation Report, prepared for the South Chicago Redevelopment Plan, document the presence of deterioration of structures and site improvements in neighboring areas adjacent to the Area in detail. This Redevelopment Project Area was established by City Council ordinance on April 12, 2000.

In summary, the Southern Parcels contain single family housing. Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair. Many of Southern Parcels are severely deteriorated. Most of the houses have chipped paint, broken and cracked sidewalks and curbs, broken and rusted fences, and broken and cracked steps. Weeds are protruding through the paved surfaces. Loose paving material is scattered throughout the yards.

Many of the Southern Parcels qualify as a blighted area under the Act as documented by the South Chicago and South Works Eligibility Reports and Redevelopment Plan and Projects.

Based on these findings, the vacant property meets the standard of deterioration of structures or site improvements in neighboring areas previously adopted by the City Council.

Conclusion for Deterioration of Structures in Neighboring Areas – Present to a Major Extent

E. Analysis of Illinois Environmental Protection Agency remediation costs incurred

**1. Historical Environmental Investigations and Remediation Activities
Conducted by historic owners in the Area**

The Area has incurred Illinois Environmental Protection Agency remediation costs since steel plant operations in the Area were stopped in 1992, which costs constitute a material impediment to the redevelopment of the Area. Additional remediation activities with regard to remedial objective soil exceedances discussed below will take place in the future. In addition, as part of planned activities to remediate, the IEPA issued a No Further Remediation (“NFR”) Letter for the entire South Works Site on July 31, 1997 and a written confirmation of the NFR on June 27, 2005, indicating that investigative activities were performed to IEPA’s satisfaction and that the Site is suitable for residential use with no institutional control requirements.

The historic owners of the Area conducted an initial Phase I environmental site assessment at the South Works Site (in which the Area is located) to identify areas of potential contamination associated with former steel plant operations. The Phase I environmental investigation was conducted in an attempt to identify areas of potential contamination resulting from historical uses, particularly former steel plant operations. Accordingly, sampling was limited to areas most likely to have been contaminated by past operations. The Phase I investigation revealed the presence of certain limited materials requiring remediation in various soil and sediment samples. Total petroleum hydrocarbons and polychlorinated biphenyls were detected at several soil sampling locations above the ranges normally expected for the iron and steel plant fill materials. In addition, an elevated pH was detected in several soil and groundwater samples.

The historic owners of the Area also undertook a Phase II investigation in order to confirm groundwater results obtained during the Phase I investigation and to more accurately define the extent of contamination in the Area. As in the Phase I investigation, materials requiring remediation were detected in sediment and soil samples.

The historic owners of the Area conducted a Phase III investigation to sample and analyze typical surface and subsurface soils on a grid system to determine site conditions as a whole. Six metals and five semi-volatile organic compounds were found in soil sampling locations above the United States Environmental Protection Agency’s (“U.S. EPA’s”) risk-based screening levels¹. Groundwater contained chloride levels exceeding Class I and II groundwater standards in two samples, and various metals, phenolics, sulfate, and pH levels were above either Class I or Class II groundwater standards.

¹ Based upon U.S. EPA Region III Risk-Based Concentration Table.

Most recently, a proposed developer of the site, performed a site investigation at the former United States Steel – South Works Site (the “Site”, which includes the Area) in order to confirm existing site environmental conditions. The investigation included three main tasks:

- Installation and sampling of 10 monitoring wells to determine current groundwater conditions at the Site;
- Collection of soil samples to confirm and evaluate existing soil conditions at the Site; and
- Collection of slag and fill material for Toxicity Characteristic Leaching Procedure testing.

Ten groundwater monitoring wells were installed on the Site for a period of several months. After development, groundwater samples were collected from each well for laboratory analysis of Target Compound List as well as volatile organic compounds, Target Compound List semivolatile organic compounds, Target Analyte List metals, and general chemistry parameters including chloride, sulfate, total cyanide, and total phenolics. After reviewing the analytical results from these 10 wells, there appear to be no significant adverse issues or contaminants associated with the groundwater under the South Works Site warranting remediation.

In addition to the focused soil investigations, a general surficial soil investigation was conducted across the Site. Fourteen surficial soil samples were collected for target compound list volatile organic compounds, semi-volatile organic compounds, target analyte list metals, and polychlorinated byphenyls. Each of these soil samples contains at least one parameter which exceeds the Tiered Approach to Corrective Action Objectives (“TACO”) Tier 1 Residential Soil Standards, which will require remediation as part of the redevelopment of the Area.

All slag and fill samples which were collected and analyzed for Toxicity Characteristics Leaching Procedure testing showed no detections for the tested parameters, indicating that the materials were not hazardous.

Conclusion- Present to a Major Extent

F. The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years

Analysis – The percentage in the Area EAV has increased more than the percentage increase in the Consumer Price Index and the percentage increase in the overall EAV for the City for the past 3 of 5 years.

Conclusion – Not Present

Overall Conclusion for Vacant Land Blighting Factor 1 – Because three (3) of the sub-factors are present and evenly distributed throughout all parcels in the Area, this blighting factor is established as present for all the vacant parcels.

VACANT LAND FACTOR 2 – Unused Quarries or Mines

The area consists of one or more unused quarries, mines, or strip mine ponds

Analysis

There are no quarries, mines, or strip mind ponds present.

Conclusion for Vacant Land Blighting Factor 2 - Not Present

VACANT LAND CRITERIA 3 – Unused Rail

The area consists of unused rail yards, rail tracks, or railroad right-of-way.

Analysis

When United States Steel was in operation, the Elgin, Joliet, and Eastern Railroad (“**EJ&E**”) operated the railyards, railtracks, and extensive rail operations within the railroad rights-of-way located on the South Works Area. Once the steel mill closed, the EJ&E ceased services to United States Steel in the Area but maintaining operations in the general area. At the same time, there are several of these rail tracks no longer in use throughout the Area. The tracks run in both north-south and east-west directions. Additionally, one of the north-south rail spurs goes right through the middle of the Area. There are also loose railroad ties and unused railroad rights-of-way distributed throughout the Area.

Conclusion for Vacant Land Blighting Factor 3 – Present to a Major Extent.

VACANT LAND FACTOR 4 – Chronic Flooding

The area prior to its designation, is subject to chronic flooding that adversely impacts on real property in the area which is included in or (is) in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding.

Analysis

The Area is a fill site and well above lake level. Additionally, there are no apparent chronic flooding issues.

Conclusion for Vacant Land Blighting Factor 4 – Not Present

VACANT LAND FACTOR 5 – Unused Disposal Site

The Area consists of an unused or illegal disposal site, as defined by the Act, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.

Analysis

The vacant land in the Area is an unused disposal site as defined by the Act. It is not an illegal disposal site. As described in the geo-technical report drafted for the Area by STS Consultants, dated December 13, 2004, most of the site is a “fill site” which means it was originally part of Lake Michigan which was filled-in over time by slag in the early 20th Century. Slag is a steel production by-product. The slag is uneven and is much higher than street-level as compared to the adjacent neighborhood in some places and at street-level in others. In addition to the slag, the entire Area is littered with building material and steel production remnants.

The vacant parcel contains building materials from the prior steel production operations such as dumped asphalt, concrete slabs, rusty and broken fence posts, broken concrete bricks, broken glass, broken cinder blocks, broken wooden beams, scrap metal, and broken foundations from buildings that were previously located on the site. There are dumped building materials, clay, broken pipes, loose paving materials, railroad ties, iron ore, exposed electrical wires, and wooden debris strewn throughout the vacant parcels. The existing ore retaining walls have rusty iron bars jutting out of the walls. The Area contains iron ore, dumped wooden pallets, and dumped electric insulators.

As a result, the geotechnical report referred to above makes the following findings:

- The Area once contained a number of major structures ranging from furnace operations to power plants
- The above ground structures were demolished leaving in place massive foundations buried with the demolition debris and slag.
- Portions of the remaining buried foundations will need to be demolished to avoid interference with new foundations
- New footing or mat foundations will need to be placed as shallow as possible
- Randomly dumped debris and slag should be stabilized using dynamic compaction to support shallow foundations for the proposed low and mid-rise construction
- High-rise construction is only recommended on approximately 25% of the Area
- Deep foundations consisting of caissons or piles will be required for high-rise construction
- There are many underground utilities and tunnels, some as large as 8 to 10 feet in diameter, are buried below the surface
- Major utility lines consisting of tunnels, conduits and pipes, will need to be filled or demolished prior to foundation construction of new development
- The existing land mass was created by filling Lake Michigan with steel slag which is a waste product of the steel industry

Conclusion for Vacant Land Building Factor 5 – Present to a Major Extent

VACANT LAND FACTOR 6 – Vacancy

The area is not less than 50 nor more than 100 acres, and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in the Act, and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that purpose.

Analysis

This is a former heavy industrial site and not a town center.

Conclusion – Not Present

VACANT LAND FACTOR 7 – Former Improved Blighted Area

The area qualified as a blighted improved area immediately prior to becoming vacant.

Analysis

Because the structures were largely demolished in 1992, we have no way of studying this criteria. No conclusive data to this effect is currently available.

Conclusion – Not Present

OVERALL CONCLUSION FOR THE VACANT PARCELS

The vacant parcel clearly demonstrated three (3) of the seven (7) blighting factors delineated for vacant parcels in the Act. The area exhibited three sub-criteria, resulting in meeting the first factor, and two additional factors, totaling three of the seven blighting factors. Since only one (1) of seven (7) is necessary or two (2) of the first set of six (6) (considered Factor 1) or one (1) of a second set of six (6), the vacant parcel qualifies as blighted under the Act.

Summary of Findings

The conditions in the Area as a whole demonstrate that the Area has not been subject to growth and development through private investment. Under the Act, three of the seven blighting factors, or three of the first six and two of the second six blighting factors, were found to be present in the vacant parcel in the boundary of the Area. The most frequent conditions were:

- Obsolete platting,
- Deterioration in neighboring areas,
- Unused rail tracks,
- Unused disposal site of building materials, and
- Illinois EPA remediation costs

The Area is an unused disposal site. The adjacent structures and residential dwelling units to the west evidence signs of blight. The Area has been vacant for at least 10 years. Unless corrected, these conditions will persist and continue to delay future economic development in the Area.

Through the establishment of a Redevelopment Project Area and the use of tax increment financing, the City will be able to address the blighting factors that are present throughout the Area and promote development in the Area.

APPENDIX

**Appendix Table 1
Summary of Vacant Blighting Factors for the Area**

	Parcel A	Conclusion for the Overall Area Qualifying under the Vacant Land Blighting Criteria
Factor 1 (Need 2 of 6)		
Obsolete Platting	ME	ME
Diversity of Ownership	NP	NP
Tax/Special Assessment Delinquencies	NP	NP
Deterioration of Structures/Site Improvements in Neighboring Areas	ME	ME
IL EPA Remediation Costs	ME	ME
EAV Decline 3out of 5 Years	NP	NP
Factors 2 – 7 (Need 1 of 6)		
Unused Quarry/Mines/Strip Mine Ponds	NP	NP
Unused Railyard	ME	ME
Chronic Flooding	NP	NP
Unused/Illegal Disposal Site	ME	ME
Vacancies	NP	NP
Bighted Improved Area Prior to Vacancy	NP	NP
Factor 1		
Total ME	3	3
Total LE	0	0
Total Factors	3	3
Factors 2 - 7		
Total ME	2	2
Total LE	0	0
Total Criteria	3	3

KEY:

ME = Present to a Major Extent

LE = Present to a Limited Extent

NP = Not Present

Note: The Act states that either two of the sub-factors of Factor 1 or one of the factors numbered Factors 2-7 must be met. With respect to this proposed Redevelopment Project Area, the Area qualifies under both sets of qualifying factors. The Area meets both Factor 1, Factor 3, unused rail yard, and Factor 5, unused disposal site as defined by the Act.

Appendix Table 2

Redevelopment Area Parcel Numbers and Estimated 2008 EAV

Parcel Number	2008 Prorated EAV
21-32-100-003	\$77,534
21-32-100-004	\$137,388
21-32-100-007	\$1,658,276
21-32-100-008	\$580,111
21-32-100-009	\$2,339
21-32-100-010	\$239,577
21-32-100-011	\$48,840

Note – In order for the Certified Base EAV to be established, the boundaries of the Redevelopment Project Area must be coterminous with existing parcel boundaries. The PINs of record as of 2008 are not coterminous with the Area boundaries. As such, USS has filed a petition for a tax division and consolidation of the parcels so that the boundaries of the Area are coterminous with tax parcel boundaries. As such, the pro-rated EAV was derived by taking the overall 2008EAV for parcels 21-32-100-003, 004, 007, 008, 009, 010, and 011 and multiplying that EAV by the ratio of the land area inside the Area of the existing PINs to the total land area of the existing PINs.

LEGAL DESCRIPTIONS OF PARCEL A

(Parcel A is the consolidation of portions of parcels 21-32-100-003, 004, 007, 008, 009, 010, and 011 that are the private land within the boundaries of the Area. USS has filed a tax-division/consolidation for one single new parcel, however, as of the date of this Report, a new PIN number has not been assigned. Therefore, we are describing the new parcel by the metes and bounds description that follows. The difference between the boundaries of Parcel A and the Area is that the Parcel only includes the private land and the Area includes Parcel A and the adjacent right-of-way).

New PIN - "PARCEL A"

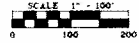
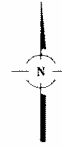
THAT PART OF BLOCK 1 IN ILLINOIS STEEL COMPANY'S SOUTH WORKS RE-SUBDIVISION, BEING LOTS, PIECES, AND PARCELS OF LAND IN SECTION 32, TOWNSHIP 38 NORTH, RANGE 15 EAST, AND IN SECTION 5 NORTH OF THE INDIAN BOUNDARY LINE, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 27, 1914 AS DOCUMENT NUMBER 5384242, DESCRIBED AS FOLLOWS: COMMENCING AT NORTHWEST CORNER OF SAID BLOCK 1; THENCE ALONG AN ASSUMED BEARING SOUTH 01 DEGREES 28 MINUTES 02 SECONDS EAST BEING THE WEST LINE OF SAID BLOCK 1 A DISTANCE OF 242.85 FEET TO A POINT ON A SOUTHEASTERLY LINE OF SOUTH AVENUE O PER PLAT OF HIGHWAYS RECORDED NOVEMBER 21, 2008 AS DOCUMENT 0832645125, SAID POINT BEING THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 01 DEGREES 28 MINUTES 02 SECONDS EAST ALONG SAID WEST LINE 2044.25 FEET TO A CORNER OF SAID BLOCK 1; THENCE NORTH 88 DEGREES 32 MINUTES 54 SECONDS EAST ALONG A SOUTH LINE OF SAID BLOCK 1 A DISTANCE OF 989.89 FEET TO A POINT ON THE EAST LINE OF SOUTH MACKINAW AVENUE, SAID EAST LINE ALSO BEING A WEST LINE OF SAID BLOCK 1; THENCE SOUTH 01 DEGREES 32 MINUTES 35 SECONDS EAST ALONG SAID WEST LINE 290.88 FEET TO A POINT ON A NORTH LINE OF EAST 83RD STREET PER PLAT OF HIGHWAYS RECORDED MARCH 9, 2006 AS DOCUMENT NUMBER 0606834023; THENCE EAST, NORTH AND WEST ALONG THE NORTH, WEST AND SOUTH LINES OF EAST 83RD STREET AND SOUTH AVENUE O PER PLAT OF HIGHWAYS RECORDED MARCH 9, 2006 AS DOCUMENT 0606834023 AND NOVEMBER 21, 2008 AS DOCUMENT 0832645125 FOR THE FOLLOWING 41 COURSES; THENCE NORTH 88 DEGREES 29 MINUTES 30 SECONDS EAST 558.81 FEET; THENCE NORTH 70 DEGREES 18 MINUTES 23 SECONDS EAST, 13.02 FEET; THENCE NORTH 49 DEGREES 34 MINUTES 03 SECONDS EAST, 33.75 FEET; THENCE NORTH 12 DEGREES 27 MINUTES 45 SECONDS EAST, 15.18 FEET; THENCE NORTH 01 DEGREES 34 MINUTES 23 SECONDS WEST 541.19 FEET; THENCE NORTH 46 DEGREES 33 MINUTES 47 SECONDS WEST 14.14 FEET; THENCE SOUTH 88 DEGREES 26 MINUTES 49 SECONDS WEST 10.00 FEET; THENCE NORTH 01 DEGREES 34 MINUTES 23 SECONDS WEST 66.00 FEET; THENCE NORTH 88 DEGREES 26 MINUTES 49 SECONDS EAST 10.00 FEET; THENCE NORTH 43 DEGREES 26 MINUTES 10 SECONDS EAST 14.14 FEET; THENCE NORTH 01 DEGREES 34 MINUTES 23 SECONDS WEST 299.44 FEET; THENCE NORTH 33 DEGREES 18 MINUTES 52 SECONDS WEST 17.01 FEET; THENCE NORTH 65 DEGREES 03 MINUTES 21 SECONDS WEST 32.93 FEET; THENCE NORTH 24 DEGREES 56 MINUTES 39 SECONDS EAST, 66.00 FEET; THENCE NORTH 28 DEGREES 22 MINUTES 04 SECONDS EAST, 17.93 FEET;

THENCE NORTH 01 DEGREES 34 MINUTES 23 SECONDS WEST 175.15 FEET;
THENCE NORTH 69 DEGREES 46 MINUTES 48 SECONDS WEST 26.93 FEET;
THENCE SOUTH 88 DEGREES 25 MINUTES 05 SECONDS WEST 25.00 FEET;
THENCE NORTH 01 DEGREES 34 MINUTES 23 SECONDS WEST 81.00 FEET;
THENCE NORTH 88 DEGREES 25 MINUTES 05 SECONDS EAST 40.00 FEET;
THENCE NORTH 42 DEGREES 56 MINUTES 25 SECONDS EAST, 14.03 FEET
TO A POINT ON A NON-TANGENT CURVE; THENCE NORTHWESTERLY 816.38 FEET,
ALONG THE ARC OF A NON-TANGENT CIRCLE TO THE LEFT, HAVING A RADIUS OF
685.00 FEET AND WHOSE CHORD BEARS NORTH 36 DEGREES 59 MINUTES 16
SECONDS WEST, 768.92 FEET; THENCE NORTH 71 DEGREES 07 MINUTES 51
SECONDS WEST NON-TANGENT TO THE LAST DESCRIBED COURSE 81.94 FEET;
THENCE NORTH 78 DEGREES 06 MINUTES 58 SECONDS WEST 74.89 FEET;
THENCE SOUTH 01 DEGREES 25 MINUTES 52 SECONDS EAST 21.02 FEET;
THENCE SOUTH 88 DEGREES 34 MINUTES 08 SECONDS WEST 66.00 FEET;
THENCE NORTH 01 DEGREES 25 MINUTES 52 SECONDS WEST 45.14 FEET;
THENCE NORTH 49 DEGREES 20 MINUTES 53 SECONDS WEST 25.27 FEET;
THENCE NORTH 71 DEGREES 07 MINUTES 49 SECONDS WEST, 249.70 FEET;
THENCE SOUTH 01 DEGREES 25 MINUTES 45 SECONDS EAST, 32.28 FEET;
THENCE SOUTH 88 DEGREES 34 MINUTES 15 SECONDS WEST, 100.00 FEET;
THENCE NORTH 01 DEGREES 25 MINUTES 45 SECONDS WEST, 69.27 FEET;
THENCE NORTH 71 DEGREES 07 MINUTES 49 SECONDS WEST, 245.18 FEET;
THENCE SOUTH 57 DEGREES 23 MINUTES 12 SECONDS WEST 12.78 FEET TO A
POINT ON A NON-TANGENT CURVE; THENCE SOUTHERLY 43.30 FEET ALONG A
CURVE TO THE LEFT HAVING A RADIUS OF 367.00 FEET AND WHOSE CHORD
BEARS SOUTH 01 DEGREES 53 MINUTES 50 SECONDS WEST 43.27 FEET TO A POINT
OF TANGENCY;
THENCE SOUTH 01 DEGREES 28 MINUTES 57 SECONDS EAST 24.16 FEET;
THENCE SOUTH 88 DEGREES 31 MINUTES 03 SECONDS WEST 66.00 FEET;
THENCE NORTH 01 DEGREES 28 MINUTES 57 SECONDS WEST 68.46 FEET;
THENCE NORTH 29 DEGREES 41 MINUTES 35 SECONDS WEST 49.58 FEET;
THENCE NORTH 71 DEGREES 07 MINUTES 49 SECONDS WEST, 227.40 FEET;
THENCE SOUTH 27 DEGREES 03 MINUTES 21 SECONDS WEST, 57.48 FEET
(57.45 FEET, RECORD) TO THE POINT OF BEGINNING, IN THE CITY OF CHICAGO,
COOK COUNTY, ILLINOIS.

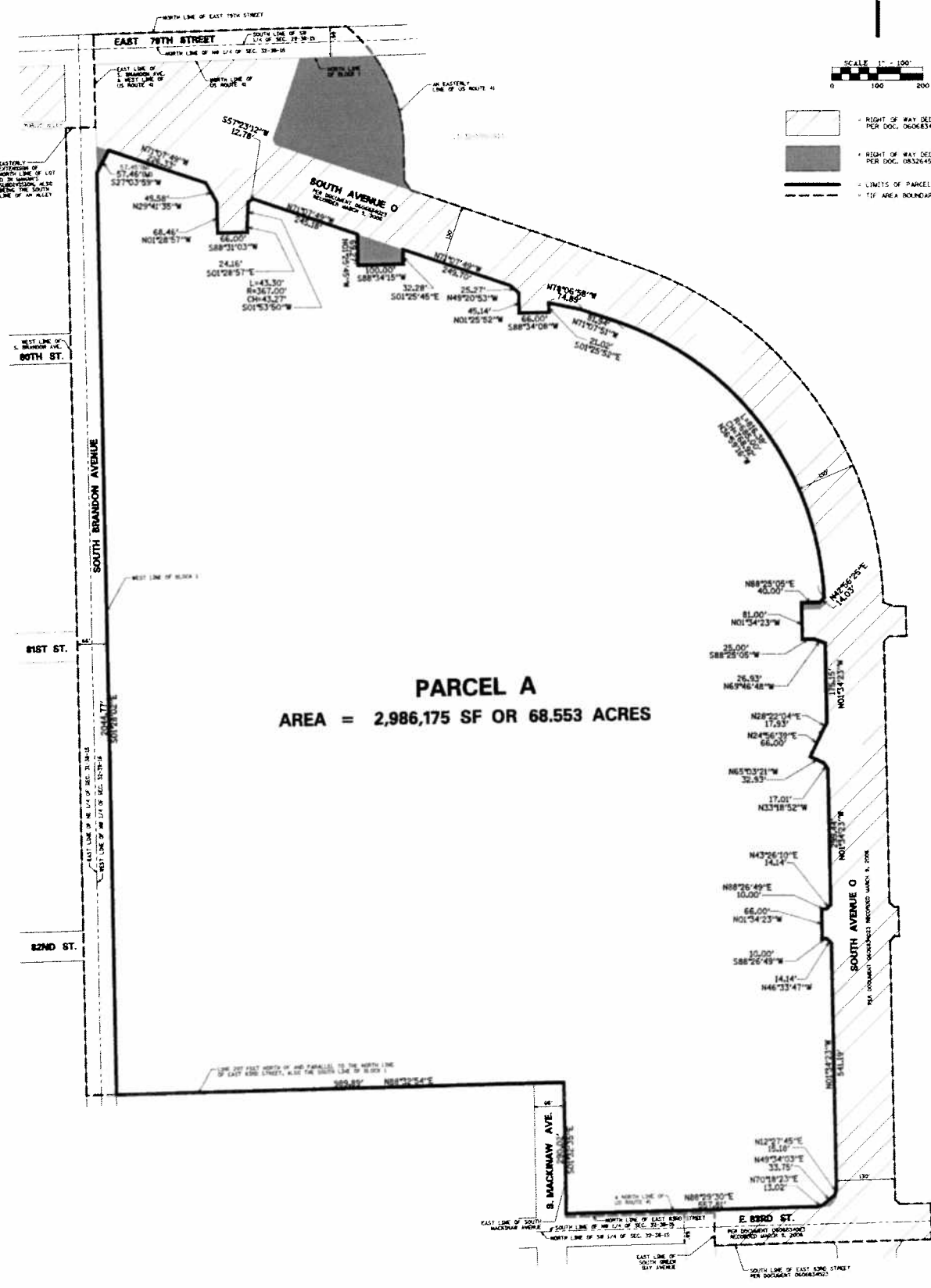
Parcel A contains 2,987,712 square feet or 68.588 acres more or less.

Source: Spaceco

PARCEL A BOUNDARY EXHIBIT



- RIGHT OF WAY DEDICATED PER DOC. 06068340234
- RIGHT OF WAY DEDICATED PER DOC. 0832645125
- LIMITS OF PARCEL A
- 1/4 AREA BOUNDARY



PARCEL A
AREA = 2,986,175 SF OR 68.553 ACRES

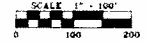
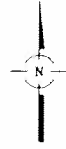
REVISIONS _____ _____ _____		CONSULTING ENGINEERS SITE DEVELOPMENT ENGINEERS LAND SURVEYORS 1575 W. Higgins Road, Suite 700 Roseville, MN 55126 Phone (612) 974-4040 Fax (612) 974-4045	DATE: 09/28/09 JOB NO.: 3918 DRAWING NO.: 126.001 SHEET: 1 OF 1
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**LEGAL DESCRIPTION OF THE AREA
(Includes Parcel A and the adjacent right-of-way.)**

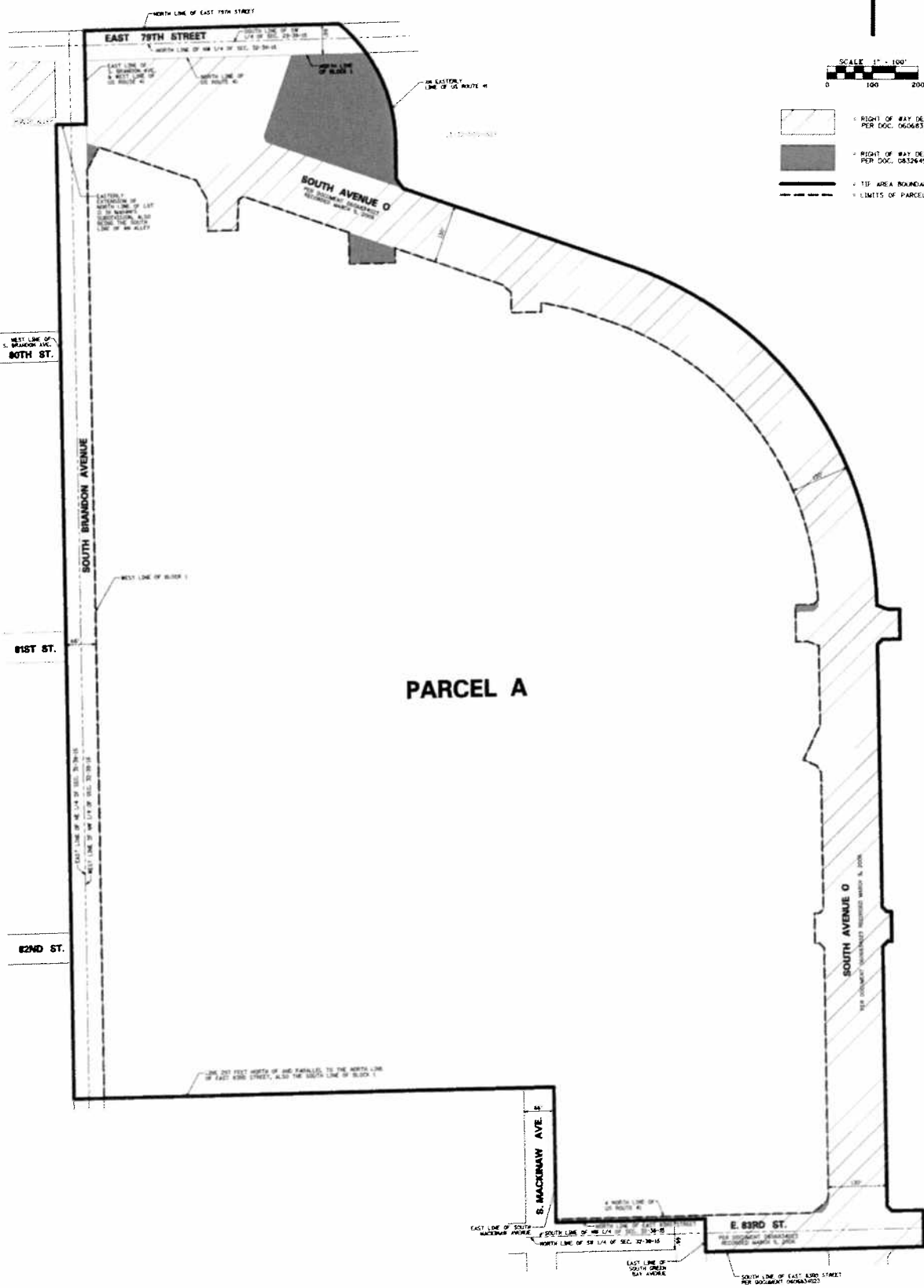
THAT PART OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 29, THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 31 AND THE WEST HALF OF SECTION 32, TOWNSHIP 38 NORTH, RANGE 15 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF EAST 79TH STREET AND THE NORTHERLY EXTENSION OF THE EAST LINE OF SOUTH BRANDON AVENUE; THENCE EASTERLY ALONG SAID NORTH LINE OF EAST 79TH STREET TO THE NORTHERLY EXTENSION OF A NORTHEASTERLY LINE OF SOUTH AVENUE O PER PLAT OF HIGHWAYS RECORDED NOVEMBER 21, 2008 AS DOCUMENT 0832645125; THENCE SOUTHEASTERLY, EASTERLY, SOUTHERLY AND WESTERLY ALONG THE NORTHEASTERLY AND EASTERLY LINES OF SOUTH AVENUE O 41 PER PLAT OF HIGHWAYS RECORDED NOVEMBER 21, 2008 AS DOCUMENT 0832645125 AND MARCH 9, 2006 AS DOCUMENT 0606834023 TO THE SOUTH LINE OF EAST 83RD STREET PER PLAT OF HIGHWAYS RECORDED MARCH 9, 2006 AS DOCUMENT 0606834023; THENCE WESTERLY ALONG SAID SOUTH LINE OF EAST 83RD STREET AND IT'S WESTERLY EXTENSION TO THE EAST LINE OF SOUTH GREEN BAY ROAD; THENCE NORTHERLY ALONG SAID EAST LINE OF SOUTH GREEN BAY ROAD TO THE NORTH LINE OF EAST 83RD STREET; THENCE WESTERLY ALONG SAID NORTH LINE OF EAST 83RD STREET TO THE EAST LINE OF SOUTH MACKINAW AVENUE; THENCE NORTHERLY ALONG SAID EAST LINE OF SOUTH MACKINAW AVENUE TO A STRAIGHT LINE 297 FEET NORTH OF AND PARALLEL TO THE NORTH LINE OF EAST 83RD STREET, SAID LINE ALSO BEING THE SOUTHERLY LINE OF BLOCK 1 IN ILLINOIS STEEL COMPANY'S SOUTH WORKS RE-SUBDIVISION; THENCE EASTERLY ALONG SAID LINE 297 FEET NORTH OF AND PARALLEL TO THE NORTH LINE OF EAST 83RD STREET AND ITS WESTERLY EXTENSION TO THE WEST LINE OF SOUTH BRANDON AVENUE; THENCE NORTHERLY ALONG SAID WEST LINE OF SOUTH BRANDON AVENUE TO THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 11 IN MAHAN'S SUBDIVISION; THENCE EASTERLY ALONG SAID LINE TO THE EAST LINE OF SOUTH BRANDON AVENUE; THENCE NORTHERLY ALONG SAID EAST LINE OF SOUTH BRANDON AVENUE AND IT'S NORTHERLY EXTENSION TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS;


PROPOSED T.I.F. AREA EXHIBIT



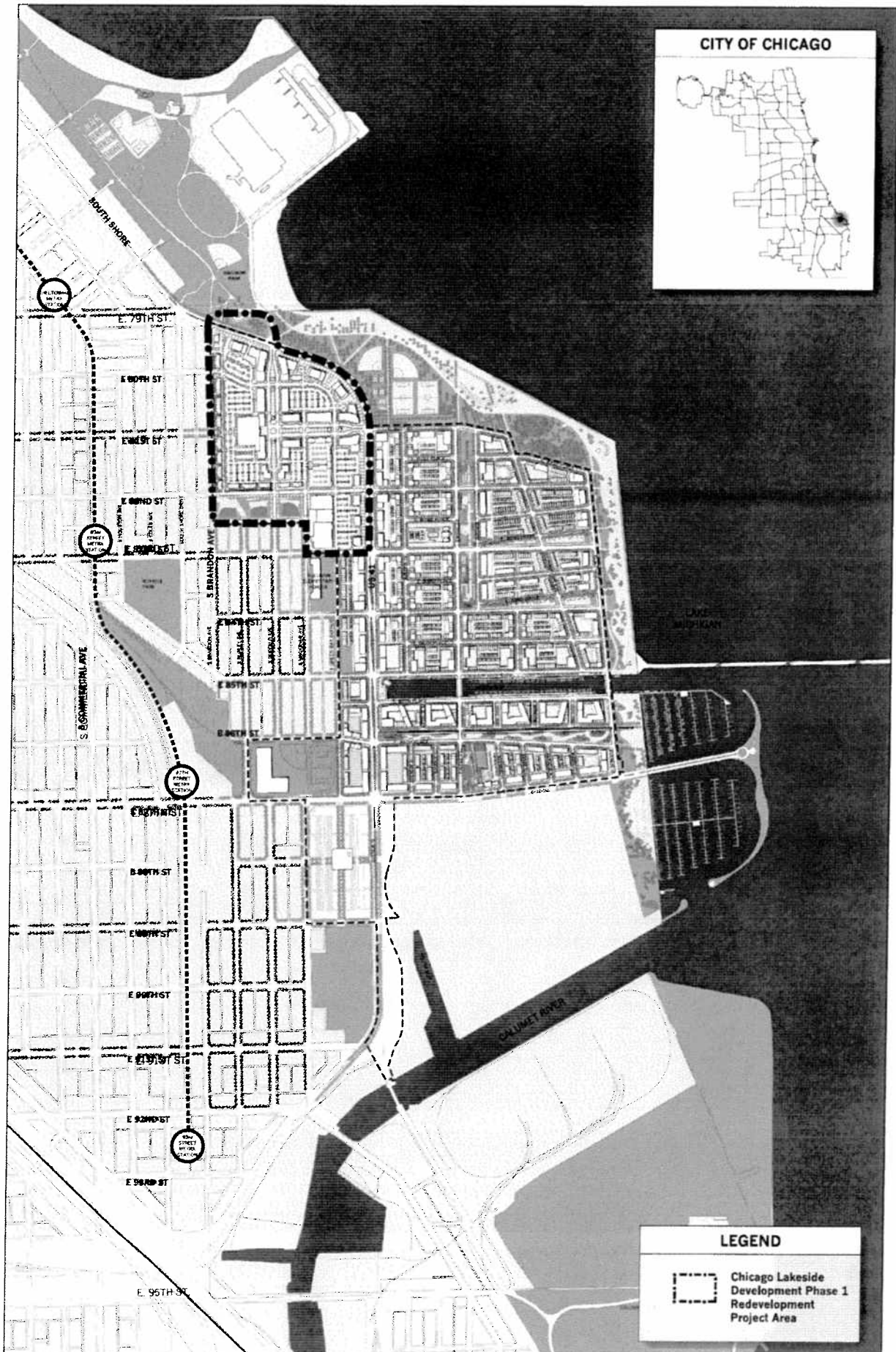
-  RIGHT OF WAY DEDICATED PER DOC. 06068340231
-  RIGHT OF WAY DEDICATED PER DOC. 0832445128
-  T.I.F. AREA BOUNDARY
-  LIMITS OF PARCEL A



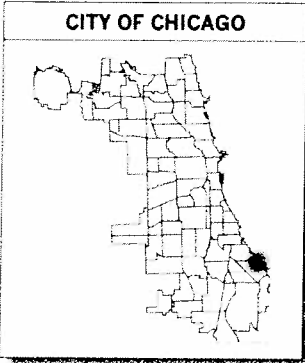
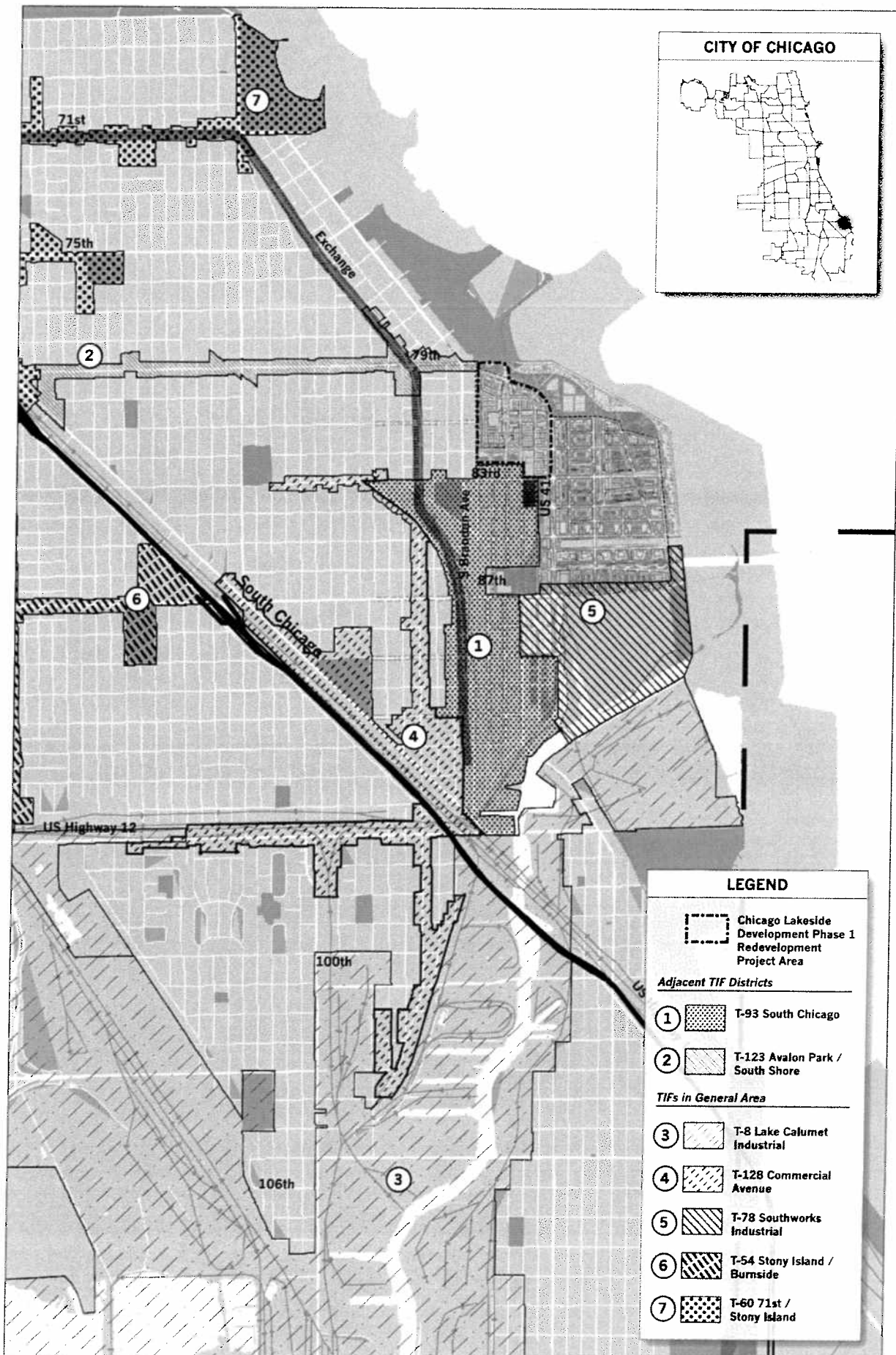
PARCEL A

REVISIONS:		CONSULTING ENGINEERS	DATE: 12/16/08
01/28/09		SITE DEVELOPMENT ENGINEERS	JOB NO: 18718
		LAND SURVEYORS	PREPARED BY:
			ENGINEER:
9375 W. Higgins Road, Suite 700 Rosemead, Calif. 91018 Phone: (627) 974-4000 Fax: (627) 974-9545		SHEET:	1 OF 1

Location Map of Chicago Lakeside Development Phase 1 TIF



Map of Adjacent TIF Districts and TIF Districts in General Area



LEGEND

Chicago Lakeside Development Phase 1 Redevelopment Project Area

Adjacent TIF Districts

- ① T-93 South Chicago
- ② T-123 Avalon Park / South Shore

TIFs in General Area

- ③ T-8 Lake Calumet Industrial
- ④ T-128 Commercial Avenue
- ⑤ T-78 Southworks Industrial
- ⑥ T-54 Stony Island / Burnside
- ⑦ T-60 71st / Stony Island