
2011 Annual Report

Near South Redevelopment Project Area



Pursuant to 65 ILCS 5/11-74.4-5(d)

JUNE 30, 2012



**ANNUAL TAX INCREMENT FINANCE REPORT
OFFICE OF ILLINOIS COMPTROLLER JUDY BAAR TOPINKA**

Name of Municipality: Chicago
County: Cook
Unit Code: 016/620/30

Reporting Fiscal Year: **2011**
Fiscal Year End: 12/31/2011

TIF Administrator Contact Information

First Name: Andrew J.	Last Name: Mooney
Address: City Hall 121 N. LaSalle	Title: TIF Administrator
Telephone: (312) 744-0025	City: Chicago, IL Zip: 60602
E-Mail: TIFReports@cityofchicago.org	

I attest to the best of my knowledge, this report of the redevelopment project areas in:
City/Village of Chicago is complete and accurate at the end of this reporting
Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.]
Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

 6.15.12

Written signature of TIF Administrator Date

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*)

FILL OUT ONE FOR EACH TIF DISTRICT

Name of Redevelopment Project Area	Date Designated	Date Terminated
105th/Vincennes	10/3/2001	12/31/2025
111th Street/Kedzie Avenue Business District	9/29/1999	9/29/2022
119th and Halsted	2/6/2002	12/31/2026
119th/I-57	11/6/2002	12/31/2026
126th and Torrence	12/21/1994	12/21/2017
134th and Avenue K	3/12/2008	12/31/2032
24th/Michigan	7/21/1999	7/21/2022
26th and King Drive	1/11/2006	12/31/2030
35th and Wallace	12/15/1999	12/31/2023
35th/Halsted	1/14/1997	12/31/2021
35th/State	1/14/2004	12/31/2028
40th/State	3/10/2004	12/31/2028
43rd/Cottage Grove	7/8/1998	12/31/2022
45th/Western Industrial Park Conservation Area	3/27/2002	12/31/2026
47th/Ashland	3/27/2002	12/31/2026
47th/Halsted	5/29/2002	12/31/2026
47th/King Drive	3/27/2002	12/31/2026
47th/State	7/21/2004	12/31/2028
49th Street/St. Lawrence Avenue	1/10/1996	12/31/2020
51st/ Archer	5/17/2000	12/31/2024
53rd Street	1/10/2001	12/31/2025
60th and Western	5/9/1996	5/9/2019

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]



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Name of Municipality: Chicago
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63rd/Ashland	3/29/2006	12/31/2030
63rd/Pulaski	5/17/2000	12/31/2024
67th/Cicero	10/2/2002	12/31/2026
67th/Wentworth	5/04/2011	12/31/2035
69th/Ashland	11/3/2004	12/31/2028
71st and Stony Island	10/7/1998	10/7/2021
72nd and Cicero	11/17/1993	11/17/2016
73rd and Kedzie	11/17/1993	11/17/2016
73rd/University	9/13/2006	12/31/2030
79th and Cicero	6/8/2005	12/31/2029
79th Street Corridor	7/8/1998	7/8/2021
79th Street/Southwest Highway	10/3/2001	12/31/2025
79th/Vincennes	9/27/2007	12/31/2031
83rd/Stewart	3/31/2004	12/31/2028
87th/Cottage Grove	11/13/2002	12/31/2026
89th and State	4/1/1998	4/1/2021
95th and Western	7/13/1995	7/13/2018
95th Street and Stony Island	5/16/1990	12/31/2014
Addison Corridor North	6/4/1997	6/4/2020
Addison South	5/9/2007	12/31/2031
Archer Courts	5/12/1999	12/31/2023
Archer/ Central	5/17/2000	12/31/2024
Archer/Western	2/11/2009	12/31/2033
Armitage/Pulaski	6/13/2007	12/31/2031
Austin/Commercial	9/27/2007	12/31/2031
Avalon Park/South Shore	7/31/2002	12/31/2026
Avondale	7/29/2009	12/31/2033
Belmont/ Central	1/12/2000	12/31/2024
Belmont/Cicero	1/12/2000	12/31/2024
Bronzeville	11/4/1998	12/31/2022
Bryn Mawr/Broadway	12/11/1996	12/11/2019
Calumet Avenue/Cermak Road	7/29/1998	7/29/2021
Calumet River	3/10/2010	12/31/2034
Canal/Congress	11/12/1998	12/31/2022
Central West	2/16/2000	12/31/2024
Chatham-Ridge	12/18/1986	12/31/2010 (1)
Chicago/ Kingsbury	4/12/2000	12/31/2024
Chicago/Central Park	2/27/2002	12/31/2026
Chicago Lakeside Development – Phase 1 (USX)	5/12/2010	12/31/2034
Cicero/Archer	5/17/2000	12/31/2024
Clark Street and Ridge Avenue	9/29/1999	9/29/2022
Clark/Montrose	7/7/1999	7/7/2022
Commercial Avenue	11/13/2002	12/31/2026
Devon/Sheridan	3/31/2004	12/31/2028

(1) This TIF has been terminated; however, the sales tax portion continues to exist for the sole purpose of servicing outstanding obligations which may be retired early at which point the sales tax portion will also terminate.



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Devon/Western	11/3/1999	12/31/2023
Diversey/ Narragansett	2/5/2003	12/31/2027
Division/Homan	6/27/2001	12/31/2025
Division/North Branch	3/15/1991	3/15/2014
Division-Hooker	7/10/1996	7/10/2019
Drexel Boulevard	7/10/2002	12/31/2026
Eastman/North Branch	10/7/1993	10/7/2016
Edgewater/ Ashland	10/1/2003	12/31/2027
Elston/Armstrong Industrial Corridor	7/19/2007	12/31/2031
Englewood Mall	11/29/1989	11/29/2012
Englewood Neighborhood	6/27/2001	12/31/2025
Ewing Avenue	3/10/2010	12/31/2034
Forty-first Street and Dr. Martin Luther King, Jr. Drive	7/13/1994	7/13/2017
Fullerton/ Milwaukee	2/16/2000	12/31/2024
Galewood/Armitage Industrial	7/7/1999	7/7/2022
Goose Island	7/10/1996	7/10/2019
Greater Southwest Industrial Corridor (East)	3/10/1999	12/31/2023
Greater Southwest Industrial Corridor (West)	4/12/2000	12/31/2024
Harlem Industrial Park Conservation Area	3/14/2007	12/31/2031
Harrison/Central	7/26/2006	12/31/2030
Hollywood/Sheridan	11/7/2007	12/31/2031
Homan/Grand Trunk	12/15/1993	12/15/2016
Homan-Arthington	2/5/1998	2/5/2021
Howard-Paulina	10/14/1988	12/31/2012
Humboldt Park Commercial	6/27/2001	12/31/2025
Irving Park/Elston	5/13/2009	12/31/2033
Irving/Cicero	6/10/1996	12/31/2020
Jefferson Park Business District	9/9/1998	9/9/2021
Jefferson/ Roosevelt	8/30/2000	12/31/2024
Kennedy/Kimball	3/12/2008	12/31/2032
Kinzie Industrial Corridor	6/10/1998	6/10/2021
Kostner Avenue	11/5/2008	12/31/2032
Lake Calumet Area Industrial	12/13/2000	12/31/2024
Lakefront	3/27/2002	12/31/2026
Lakeside/Clarendon	7/21/2004	12/31/2028
LaSalle Central	11/15/2006	12/31/2030
Lawrence/ Kedzie	2/16/2000	12/31/2024
Lawrence/Broadway	6/27/2001	12/31/2025
Lawrence/Pulaski	2/27/2002	12/31/2026
Lincoln Avenue	11/3/1999	12/31/2023
Lincoln-Belmont-Ashland	11/2/1994	11/2/2017
Little Village East	4/22/2009	12/31/2033
Little Village Industrial Corridor	6/13/2007	12/31/2031
Madden/Wells	11/6/2002	12/31/2026



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Madison/Austin Corridor	9/29/1999	12/31/2023
Michigan/Cermak	9/13/1989	12/31/2013
Midway Industrial Corridor	2/16/2000	12/31/2024
Midwest	5/17/2000	12/31/2024
Montclare	8/30/2000	12/31/2024
Montrose/Clarendon	6/30/2010	12/31/2034
Near North	7/30/1997	7/30/2020
Near South	11/28/1990	12/31/2014
Near West	3/23/1989	12/31/2013
North Branch (North)	7/2/1997	12/31/2021
North Branch (South)	2/5/1998	2/5/2021
North Pullman	6/30/2009	12/31/2033
North-Cicero	7/30/1997	7/30/2020
Northwest Industrial Corridor	12/2/1998	12/2/2021
Ogden/Pulaski	4/9/2008	12/31/2032
Ohio/Wabash	6/7/2000	12/31/2024
Pershing/King	9/5/2007	12/31/2031
Peterson/ Cicero	2/16/2000	12/31/2024
Peterson/ Pulaski	2/16/2000	12/31/2024
Pilsen Industrial Corridor	6/10/1998	12/31/2022
Portage Park	9/9/1998	9/9/2021
Pratt/Ridge Industrial Park Conservation Area	6/23/2004	12/31/2028
Pulaski Corridor	6/9/1999	6/9/2022
Randolph and Wells	6/9/2010	12/31/2034
Ravenswood Corridor	3/9/2005	12/31/2029
Read-Dunning	1/11/1991	12/31/2015
River South	7/30/1997	7/30/2020
River West	1/10/2001	12/31/2025
Roosevelt/Canal	3/19/1997	12/31/2021
Roosevelt/Cicero	2/5/1998	2/5/2021
Roosevelt/Racine	11/4/1998	12/31/2022
Roosevelt/Union	5/12/1999	5/12/2022
Roosevelt-Homan	12/5/1990	12/31/2014
Roseland/Michigan	1/16/2002	12/31/2026
Sanitary Drainage and Ship Canal	7/24/1991	7/24/2014
South Chicago	4/12/2000	12/31/2024
South Works Industrial	11/3/1999	12/31/2023
Stevenson/Brighton	4/11/2007	12/31/2031
Stockyards Annex	12/11/1996	12/31/2020
Stockyards Industrial Commercial	3/9/1989	12/31/2013
Stockyards Southeast Quadrant Industrial	2/26/1992	2/26/2015
Stony Island Avenue Commercial and Burnside Industrial Corridors	6/10/1998	6/10/2033
Touhy/Western	9/13/2006	12/31/2030
Weed/Fremont	1/8/2008	12/31/2032

This page was revised August, 2012 upon the recommendation of the Office of the Illinois Comptroller.

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area: Near South Redevelopment Project Area
Primary Use of Redevelopment Project Area*: Combination/Mixed
If "Combination/Mixed" List Component Types: Residential/Commercial
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one): Tax Increment Allocation Redevelopment Act <u> X </u> Industrial Jobs Recovery Law _____

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A		X
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D	X	
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F		X
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H		X
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2)] If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X
A list of all intergovernmental agreements in effect in FY 2011, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only of the intergovernmental agreements labeled Attachment M	X	

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
Provide an analysis of the special tax allocation fund.

Reporting Year	Cumulative *
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Fund Balance at Beginning of Reporting Period \$ 162,621,625

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

			% of Total
Property Tax Increment	69,014,434	\$ 425,823,481	82%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	218,402		0%
Land/Building Sale Proceeds			0%
Bond Proceeds		90,797,694	17%
Transfers in from Municipal Sources (Porting in)		3,683,333	1%
Private Sources			0%
Miscellaneous Revenue	87,466		0%
Rental Revenue	1,875		0%

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period 69,322,177

Cumulative Total Revenues/Cash Receipts \$ 520,304,508 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) 12,677,772

Transfers out to Municipal Sources (Porting out) -

Distribution of Surplus 48,000,000

Total Expenditures/Disbursements 60,677,772

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS 8,644,405

FUND BALANCE, END OF REPORTING PERIOD \$ 171,266,030

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

* Except as set forth in the next sentence, each amount reported on the rows below, if any, is cumulative from the inception of the respective Project Area. Cumulative figures for the categories of 'Interest,' 'Land/Building Sale Proceeds' and 'Other' may not be fully available for this report due to either of the following: (i) the disposal of certain older records pursuant to the City's records retention policy, or (ii) the availability of records only from January 1, 1997 forward.

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)	9,558,078	
		\$ 9,558,078
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

Section 3.2 B

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.*

Name	Service	Amount
City Staff Costs ¹	Administration	\$743,971
City Program Management Costs	Administration	\$48,694
Mailtech Ltd. d/b/a World Marketing	Professional Service	\$264,632
Teska Associates	Professional Service	\$195,570
ACA Financial Guaranty Corp.	Professional Service	\$62,135
Kenny Construction Co.	Public Improvement	\$149,926
Teng & Associates	Public Improvement	\$114,832
Plote Construction Inc.	Public Improvement	\$402,161
Cambridge Systematics, Inc.	Public Improvement	\$122,404
EJM Engineering Inc.	Public Improvement	\$58,960
Aldridge Electric Inc.	Public Improvement	\$292,236
V3 Companies of Illinois Ltd.	Public Improvement	\$49,203
Oosterbann & Sons Co.	Public Improvement	\$320,533
Capitol Cement Co., Inc.	Public Improvement	\$30,738
Aecom Technical Services	Public Improvement	\$149,534
Chicago Department of General Services	Public Improvement	\$68,235
Amalgamated Bank of Chicago	Financing	\$9,558,078

¹ Costs relate directly to the salaries and fringe benefits of employees working solely on tax increment financing districts.

* This table may include payments for Projects that were undertaken prior to 11/1/1999.

**SECTION 3.3 -- (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))
 Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period
 (65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))**

FUND BALANCE, END OF REPORTING PERIOD \$ 171,266,030

	Amount of Original Issuance	Amount Committed
1. Description of Debt Obligations		
Committed for debt service	\$ 50,000,000	\$ 27,111,365
	46,241,762	

Total Amount Committed for Obligations \$ 96,241,762 \$ 27,111,365

2. Description of Project Costs to be Paid		
Committed for future redevelopment project costs		\$ 142,615,665

Total Amount Committed for Project Costs \$ 142,615,665

TOTAL AMOUNT COMMITTED \$ 169,727,030

SURPLUS*/(DEFICIT) \$ 1,539,000

*NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts.

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	544 S. State
Approximate size or description of property:	3,482 square ft.
Purchase price:	N/A
Seller of property:	N/A

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

Please include a brief description of each project.

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
See "General Notes" Below.			
TOTAL:			
Private Investment Undertaken	\$ 173,282,625	\$ -	\$ 109,276,856
Public Investment Undertaken	\$ 42,728,059	\$ -	\$ 23,600,000
Ratio of Private/Public Investment	4 1/18		4 29/46
Project 1:			
Central Station Dev. Corp.	Project Completed		
Private Investment Undertaken	\$ 3,183,600		\$ -
Public Investment Undertaken	\$ 691,000		\$ -
Ratio of Private/Public Investment	4 17/28		0
Project 2:			
American Stores Properties, LLC	Project is Ongoing ***		
Private Investment Undertaken	\$ -		\$ 15,021,090
Public Investment Undertaken	\$ 3,629,797		\$ 5,600,000
Ratio of Private/Public Investment	0		2 58/85
Project 3:			
Somerset Hotel, L.L.C.; NRPRH, L.L.C.; and Roosevelt Hotel L.P.	Project Completed		
Private Investment Undertaken	\$ 7,351,025		\$ -
Public Investment Undertaken	\$ 2,350,000		\$ -
Ratio of Private/Public Investment	3 5/39		0
Project 4:			
FC Central Station	Project Completed		
Private Investment Undertaken	\$ 108,048,000		\$ -
Public Investment Undertaken	\$ 19,161,184		\$ -
Ratio of Private/Public Investment	5 23/36		0
Project 5:			
Blackstone Hotel	Project is Ongoing ***		
Private Investment Undertaken	\$ -		\$ 94,255,766
Public Investment Undertaken	\$ 13,896,078		\$ 18,000,000
Ratio of Private/Public Investment	0		5 13/55
Project 6:			
Spertus Institute of Jewish Studies	Project Completed		
Private Investment Undertaken	\$ 54,700,000		
Public Investment Undertaken	\$ 3,000,000		
Ratio of Private/Public Investment	18 7/30		0

*** As of the last date of the reporting fiscal year, the construction of this Project was ongoing; the Private Investment Undertaken and Ratio figures for this Project will be reported on the Annual Report for the fiscal year in which the construction of the Project is completed and the total Private Investment figure is available.

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

Please include a brief description of each project.

General Notes

(a) Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore may include private equity, private lender financing, private grants, other public monies, or other local, state or federal grants or loans.

(b) Each amount reported here under Public Investment Undertaken, Total Estimated to Complete Project, is the maximum amount of payments financed by tax increment revenues that could be made pursuant to the corresponding Project's operating documents, but not including interest that may later be payable on developer notes, and may necessarily reflect actual expenditures, if any, as reported in Section 3 herein. The total public investment amount ultimately made under each Project will depend upon the future occurrence of various conditions, including interest that may be payable on developer notes as set forth in the Project's operating documents.

(c) Each amount reported here under Public Investment Undertaken, 11/1/1999 to Date, is cumulative from the Date of execution of the corresponding Project to the end of the reporting year, and may include interest amounts paid to finance the Public Investment amount. Projects undertaken prior to 11/1/1999 are not reported on this table.

(d) Intergovernmental agreements, if any, are reported on Attachment M hereto.

**NEAR SOUTH TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN
AMENDMENT 5**

**Prepared for:
The City of Chicago**

**By:
Teska Associates, Inc.**

December, 2010

TABLE OF CONTENTS

1. INTRODUCTION
2. NEAR SOUTH REDEVELOPMENT AMENDMENT 5 PROJECT AREA DESCRIPTION
3. NEAR SOUTH REDEVELOPMENT AMENDMENT 5 PROJECT AREA GOALS
4. NEAR SOUTH AMENDMENT 5 PROJECT AREA ELIGIBILITY STUDY
 - A. Improved Parcels
 - B. Vacant Parcels
5. NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PLAN AND PROJECT AMENDMENT 5
 - A. Redevelopment Objectives
 - B. Redevelopment Plan and Project Activities
 - C. General Land-Use Plan
 - D. Estimated Redevelopment Project Costs
 - E. Sources of Funds to Pay Redevelopment Project Costs
 - F. Issuance of Obligations
 - G. Most Recent Equalized Assessed Valuation
 - H. Anticipated Equalized Assessed Valuation
6. CONFORMITY OF THE NEAR SOUTH REDEVELOPMENT PLAN AND PROJECT AMENDMENT 5 TO THE COMPREHENSIVE PLAN FOR DEVELOPMENT OF THE CITY OF CHICAGO AS A WHOLE
7. PHASING AND SCHEDULING OF THE NEAR SOUTH TIF REDEVELOPMENT PROJECT AND PLAN AMENDMENT 5
8. PROVISIONS FOR AMENDING THE NEAR SOUTH TIF REDEVELOPMENT PROJECT AND PLAN AMENDMENT 5
9. AFFIRMATIVE ACTION PLAN
10. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE
11. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT
12. DEMAND ON TAXING DISTRICT SERVICES
13. PROGRAM TO ADDRESS FINANCIAL AND SERVICES IMPACTS

LISTS OF TABLES, and MAPS

TABLES

Table 1	Estimated Redevelopment Project Costs of the Near South TIF Redevelopment Project and Plan Amendment 5
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MAP EXHIBITS

Map 1	Project Boundary Map
Map 2	Summary of Blight Conditions: Entire Near South TIF Redevelopment Project Area
Map 3	Land Use Plan: Entire Near South TIF Redevelopment Project Area
Map 4	Sub Area Land Use Plan: Entire Near South TIF Redevelopment Project Area
Map 5	Improved and Vacant Parcels: Additional Parcels of Amendment 5
Map 6	TIF Eligible Criteria of Improved Parcels: Additional Parcels of Amendment 5
Map 7	TIF Eligible Criteria of Vacant Parcels: Additional Parcels of Amendment 5

1. INTRODUCTION

On November 28, 1990, based on the necessary Tax Increment Financing eligibility criteria and findings, the City Council of the City of Chicago (the "City") adopted ordinances to: 1) approve the Central Station Redevelopment Project Area Tax Increment Financing Redevelopment Project and Plan; 2) designate the Central Station Project Area as a redevelopment project area; and 3) adopt tax increment allocation financing for the Central Station Redevelopment Project Area, all pursuant to the Tax Increment Allocation Redevelopment Act, presently codified as 65 ILCS 5/11-74.4 et seq., as amended (the "Act").

The City, in 1994, recognized that in order to accomplish the stated development goals of the Central Station Redevelopment Project Area TIF, the boundary should be amended to include additional parcels that would benefit from inclusion in the TIF district. Thus on August 3, 1994, the City expanded the boundaries of the Central Station Project Redevelopment Project Area by designating such expanded project area as a redevelopment project area under the Act, and amending the original plan and project to provide for the development of the area added to the original redevelopment project area. In addition the name of the "Central Station Area" Tax Increment Financing Redevelopment Project and Plan was renamed to the Near South Tax Increment Financing Redevelopment Project and Plan. To carry out this amendment, the City adopted ordinances to: 1) approve the Near South Tax Increment Financing Redevelopment Project and Plan; 2) designate the Central Station Redevelopment Project Area and the additional project area resulting from the expanded boundaries as the Near South Redevelopment Project Area; and 3) adopt tax increment allocation financing for the expanded redevelopment project area, all pursuant to the Act. The Near South TIF Redevelopment Project and Plan name change and boundary amendment was incorporated as Amendment 1.

In 1999, the City determined that an amendment to the Near South TIF Redevelopment Project and Plan was necessary in order to incorporate the "portability" language included in the Act, 65 ILCS 5/11-74.4-4(q), and the similar language included in the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-15(s) (State Bar Edition). This change was incorporated as Amendment 2.

In 2001, the City adopted an ordinance for Amendment 3 which added a 24th collection year as allowed by the Act.

In 2010, the City adopted an ordinance for Amendment 4 to amend the budget by applying an annual CPI increase with a one-time 5% increase.

The success of the Near South TIF Redevelopment Plan and Project has been tremendous, and created significant public and private redevelopment opportunities, including significantly increasing the residential units and population in the immediate area. This residential population boom has caused strain on surrounding public and community facilities, including public schools, parks, and roads. The Act recognizes that some redevelopment outcomes and activities may not be possible to predict at the time of establishing the TIF district. The Act incorporates means by which redevelopment plans, budgets and redevelopment activities may be modified, and this Near South TIF Redevelopment Plan and Project Amendment 5 follows those procedures for amendment.

While the residential growth of the area was expected, the extent and impact of such growth was not measurable at the time of the original TIF and Amendments 1, 2, 3, and 4. As a result, this fifth amendment to the TIF provides for an adjusted budget to cover additional redevelopment activities not enumerated previously but anticipated in general terms in the

original TIF and Amendments 1, 2, 3, and 4. More specifically, the original TIF and previous amendments indicate that “residential development may cause increased demand for services or capital improvements to be provided by the Board of Education, Community College District 508, Chicago Park District, and City.” However, the extent of this development or demand was immeasurable, creating the need for this fifth amendment to the TIF, which will provide for an increased budget to accommodate additional development and demands for services or capital improvements.

The City recognizes that in order to accomplish the development goals for the adopted Near South TIF Redevelopment Project and Plan, as well as provide the necessary public facilities to ensure continued growth in the area, the boundary should be amended to include additional parcels that would benefit from inclusion in the TIF district. Specifically the boundary amendment is intended to include the 13-parcel area that houses Jones College Prep and its associated site. By adopting the boundary amendment, the City recognizes that redevelopment of these parcels would not be possible without a public/private partnership.

The Near South Tax Increment Financing Redevelopment Project and Plan Amendment 5 (the “TIF Redevelopment Project and Plan Amendment 5”) summarizes the analysis and findings of the consultant’s work, which unless otherwise noted is solely the responsibility of Teska Associates, Inc. and its subconsultants. Teska Associates, Inc. has prepared this TIF Redevelopment Project and Plan Amendment 5 with the understanding that the City would rely: (i) on these findings and conclusions in proceeding with the adoption and implementation of the TIF Redevelopment Project and Plan Amendment 5; and (ii) on the fact that Teska Associates, Inc. has obtained the necessary information so that the TIF Redevelopment Project and Plan Amendment 5 will comply with the Act.

Near South TIF Timeline:

- 1990: City adopts the Central Station Area Tax Increment Financing Redevelopment Project and Plan.
- 1994: City adopts Amendment 1, which 1) amends the name of the Central Station TIF to the Near South Area Tax Increment Financing Redevelopment Project and Plan; and 2) amends the boundary to include additional parcels that would benefit from inclusion in the TIF.
- 1999: City adopts Amendment 2, which incorporate the “portability” language included in the Act.
- 2001: City adopts Amendment 3 which added a 24th collection year as allowed by the Act.
- 2010: City adopts Amendment 4 to amend the budget by applying an annual CPI increase with a one-time 5% increase.

Map 1 illustrates the Near South TIF Project Boundary.

Boundary Amendment Intent and Use

The Near South TIF Redevelopment Project and Plan Amendment 5 is not intended to replace or supersede the existing Near South Tax Increment Redevelopment Project and Plan (including Amendment 1 and Amendment 2). Rather, the TIF Redevelopment Project and Plan Amendment 5 is intended to complement the adopted planning goals and policies which were outlined in the 1990 adoption and updated in the 1994 and 1999 amendments.

The existing adopted Near South Tax Increment Financing District Redevelopment Project and Plan (including Amendments 1, 2, 3, and 4) should be utilized for goals and policies, eligibility analysis, future land use plan, and redevelopment projects for those areas within the existing TIF boundary prior to the adoption of this Amendment. This TIF Redevelopment Project and Plan Amendment 5 only contemplates the eligibility, future land uses, and redevelopment projects for those aforementioned 13 additional parcels. This TIF Redevelopment Project and Plan Amendment 5 does include a revised Near South Tax Increment Redevelopment Plan and Project (including Amendments 1, 2, 3, and 4) budget. Inclusion of the entire project budget was necessary in order to ensure that 1) there was a relationship between the Near South Tax Increment Redevelopment Plan and Project (including Amendments 1, 2, 3, and 4) budget and the TIF Redevelopment Project and Plan Amendment 5 redevelopment costs; and 2) projects were not included within the TIF Redevelopment Project and Plan Amendment 5 that could not be funded.

Purpose of Tax Increment Financing

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

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

Tax Increment financing does not generate revenues by increasing tax rates; it generates revenues by allowing the municipality to capture, temporarily, new tax revenues resulting from redevelopment. Further, under tax increment financing, all taxing districts continue to receive the tax revenue they received prior to redevelopment from property in the area. Moreover, taxing districts can receive distributions of excess increment when more tax increment revenue is received than is necessary to pay for expected redevelopment project costs and principal and

interest obligations issued to pay such costs. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

The 1990 Central Station Tax Increment Redevelopment Project and Plan, the 1994 Amendment (1), the 1999 Amendment (2), the 2001 Amendment to add 24th Year Collection Language (3), and the 2010 CPI/Budget Amendment (4)

1990 Central Station Tax Increment Financing Redevelopment Project and Plan

The Central Station TIF Redevelopment Project and Plan represented one of the most important economic opportunities available for the City of Chicago. By creating an environment for private development, Chicago strengthened its tax base and established an atmosphere that created and retained jobs and a real alternative for companies that might otherwise have moved to the suburbs or out of state. At the same time, the longstanding objective was to complete a southern edge to Grant Park, so in part the Museum Campus area can be connected to the central business district and other areas of the City through suitable improvements to traffic patterns and the transportation system that serves these facilities and areas.

The adoption of the Central Station TIF Redevelopment Project and Plan made possible the implementation of a comprehensive redevelopment program. By means of public investment, the area became a stable environment that has again attracted private investment. The Central Station TIF Redevelopment Project and Plan provided redevelopment opportunities to create a direct linkage between the lakefront and the area south of Roosevelt Road. In addition, the extraordinarily important McCormick Place facility was able to be expanded and integrated into the downtown area, which provides the vital connection for the Museum Campus and McCormick Place with the rest of the City.

1994 Amendment including the Renaming to "Near South Tax Increment Financing District Redevelopment Project and Plan"; and 1999 Amendment

During the process of implementing the Central Station TIF Redevelopment Area Project and Plan it became evident that changes to the boundaries of the adopted Central Station TIF Redevelopment Project Area and the development program were necessary in order to facilitate full achievement of the stated purpose and objectives.

The 1994 amended area consisted of approximately 248.4 acres, encompassing thirty-eight full and partial city blocks, and various street and alley rights-of-way, and was generally bounded by Congress Parkway on the north; Michigan Avenue, Indiana Avenue and Calumet Avenue on the east; the Michigan-Cermak Redevelopment Tax Increment Financing Project on the south; and State Street on the west. This area contained vacant land, vacant and deteriorating buildings, numerous older and obsolete commercial and industrial buildings, underutilized sites and deteriorated street, sidewalks and alleys. Many of these conditions have been addressed and have significantly benefited from inclusion in the Near South Redevelopment Project Area. In addition, the City amended the name of the Central Station TIF Redevelopment Area Project and Plan to the "Near South Tax Increment Financing Redevelopment Area Project and Plan."

In the 1999 amendment, the City determined that an additional amendment to the Near South Tax Increment Financing Redevelopment Project and Plan was necessary in order to incorporate the "portability" language included in the Act, 65 ILCS 5/11-74.4-4(q), and the similar language included in the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-15(s). The boundaries of the TIF remained the same as from the 1994 amendment.

For details regarding the original 1990 Central Station Area Tax Increment Financing Redevelopment Project and Plan, and the subsequent 1994 and 1999 amendments, please refer to those plans.

2001 Amendment to add 24th Collection Year

In 2001, the City adopted an ordinance for Amendment 3 which added a 24th collection year as allowed by the Act.

2010 CPI/Budget Amendment

In 2010, the City adopted an ordinance for Amendment 4 to amend the budget by applying an annual CPI increase with a one-time 5% increase.

2. NEAR SOUTH TIF REDEVELOPMENT AMENDMENT 5 PROJECT AREA DESCRIPTION

The boundaries of the property to be added pursuant to the Near South TIF Redevelopment Project and Plan have been carefully drawn to include only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements to be undertaken as part of the Near South TIF Redevelopment Plan. The 13 parcels to be added are referred to as the "Near South TIF additional parcels." The additional parcels are generally bounded by W. Harrison Street to the north, S. State Street to the east, W. Polk Street to the south, and S. Plymouth Court and alley to the west. The boundaries of the entire Near South TIF Redevelopment Project Area, including the additional parcels, are more specifically shown in Map 1 (Project Boundary Map), and more particularly described as follows (language of the revised legal description are marked by ***added text*** and ~~strikethrough marks for removed text~~):

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

BEGINNING ON THE WEST LINE OF SOUTH MICHIGAN AVENUE, AT THE INTERSECTION OF SAID LINE WITH THE NORTH LINE OF EAST 11TH STREET, AND RUNNING;

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

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

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

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

THENCE WESTWARDLY ALONG SAID LINE WHICH IS 1500 FEET NORTHERLY FROM AND PARALLEL WITH THE NORTHERLY LINE OF SAID 23RD STREET VIADUCT, TO THE WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

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

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

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

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

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

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

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

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

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

AND, INCLUDING THE AREA DESCRIBED AS:

A TRACT OF LAND COMPRISED OF A PART OF EACH OF SECTIONS 15, 16, 21, AND 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS WHICH TRACT OF LAND IS BOUNDED AND DESCRIBED AS FOLLOWS:

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

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

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

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

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

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

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

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

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

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

THENCE SOUTH ALONG SAID NORTHWARD EXTENSION AND ALONG THE WEST LINE OF SOUTH PLYMOUTH COURT TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF LOT 8 IN C.L.&I. HARMON'S SUBDIVISION OF BLOCK 137 OF SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, AFORESAID;

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

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

THENCE WESTWARD ALONG SAID SOUTH LINE OF WEST HARRISON STREET TO THE WEST LINE OF SOUTH PLYMOUTH COURT; THENCE SOUTHWARD ALONG SAID WEST LINE TO THE SOUTH LINE, EXTENDED WEST, OF A EAST-WEST PUBLIC ALLEY, SAID SOUTH LINE ALSO BEING THE NORTH LINE OF LOT 25 IN BLOCK 136 OF SUBDIVISION OF BLOCKS 125 AND 136 OF SCHOOL SECTION ADDITION; THENCE EASTWARD ALONG SAID SOUTH LINE TO THE NORTHEAST CORNER OF SAID LOT 25, SAID CORNER ALSO BEING ON THE WEST LINE OF ANOTHER NORTH-SOUTH PUBLIC ALLEY; THENCE SOUTHWARD ALONG WEST LINE OF SAID NORTH-SOUTH PUBLIC ALLEY TO THE NORTH LINE OF WEST POLK STREET; THENCE EASTWARD ALONG SAID NORTH LINE OF WEST POLK STREET TO THE WEST LINE OF SOUTH STATE STREET; THENCE NORTHWARD ALONG SAID WEST LINE TO THE SOUTH LINE, EXTENDED WEST, OF SUBLOT 2 OF LOT 3 IN BLOCK 15 IN CANAL TRUSTEES SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

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

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

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

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

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

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

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

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

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

TENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 25 FEET OF LOT 2 OF THE EAST LINE OF SOUTH WABASH AVENUE (SAID EAST LINE OF SOUTH WABASH AVENUE BEING THE WEST LINE OF BLOCK 27 IN CURLEY'S SUBDIVISION AFORESAID);

TENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO THE NORTH LINE OF THE SOUTH 30 FEET OF LOT 19 IN SAID BLOCK 27;

TENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 30 FEET OF LOT 19 TO THE

CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 12 FEET WIDE, LYING EAST OF AND ADJOINING SAID LOT 19;

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

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID CENTERLINE OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY, AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE WEST LINE OF LOT 5 IN SAID BLOCK 27;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 5 TO THE NORTHWEST CORNER OF LOT 6 IN SAID BLOCK 27;

THENCE EAST ALONG THE NORTH LINE OF LOT 6 IN SAID BLOCK 27 AND ALONG SAID NORTH LINE EXTENDED EAST TO THE EAST LINE OF SOUTH MICHIGAN AVENUE (SAID EAST LINE OF SOUTH MICHIGAN AVENUE BEING ALSO THE WEST LINE OF BLOCK 26 IN SAID CURLEY'S SUBDIVISION);

THENCE SOUTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE TO THE NORTH LINE OF THE SOUTH 25 FEET OF LOT 12 IN SAID BLOCK 26;

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

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

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID LOT 3 AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE EAST LINE OF SOUTH INDIANA AVENUE (SAID EAST LINE OF SOUTH INDIANA AVENUE BEING ALSO THE WEST LINE OF BLOCK 25 IN SAID CURLEY'S SUBDIVISION);

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

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

THENCE SOUTH ALONG SAID EAST LINE TO THE NORTH LINE OF THE

SOUTH 24.8 FEET OF LOT 3 IN SAID BLOCK 25;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. NEAR SOUTH AMENDMENT 5 REDEVELOPMENT PROJECT AREA GOALS

The Act encourages the public and private sectors to work together to address and solve the problems of urban growth and development. The joint effort between the City, other public agencies, and the private sector to redevelop parts of the Near South TIF Redevelopment Amendment 5 Project Area will receive significant support from the financing methods made available by the Act. Managed growth in the form of investment in new development and facilities is essential. Redevelopment efforts will strengthen the entire City and specifically the surrounding South Loop area through facility enhancements, environmental improvements, additional open space, added employment opportunities, and private development opportunities.

In addition to furthering the established goals of the Near South TIF Redevelopment Project Area, specific goals for the Near South TIF Redevelopment Amendment 5 Project Area include:

- Provide necessary public infrastructure and facilities for the improvement of public schools;
- Provide public infrastructure and transportation improvements within and adjacent to the Redevelopment Project Area;
- Provide economic development opportunities within and adjacent to the Redevelopment Project Area;
- Create the necessary public infrastructure and facilities to ensure continued development opportunities within and adjacent to the Redevelopment Project Area; and

- Create an environment within the Redevelopment Project Area that will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties adjacent to the Redevelopment Project Area.

4. NEAR SOUTH REDEVELOPMENT AMENDMENT 5 PROJECT AREA ELIGIBILITY STUDY

The initial Near South Redevelopment Project and Plan and subsequent Amendments established the eligibility of the project area prior to this Amendment 5. This eligibility study concerns only the 13 additional parcels (subsequently referred to as the "Near South TIF additional parcels") being added to the Near South TIF. The Near South TIF additional parcels include both an "Improved Area" and a "Vacant Area." The designation of those areas that are defined as Improved and those defined as Vacant are shown on Map 5. The purpose of this section is to describe the conditions that exist to qualify the Near South TIF additional parcels for designation as TIF eligible. The Improved Area of the Near South TIF additional parcels qualify as a "Conservation Area" and the Vacant Area of the Near South TIF additional parcels qualify as "vacant blighted" as defined in the Act.

Teska has determined that the Near South TIF additional parcels qualify for designation as a "TIF eligible" area based on the combination of the following two (2) factors:

1. Improved Area: Qualifies as a "Conservation Area" by the predominance and extent of parcels exhibiting the following four (4) characteristics:
 - a. *Deterioration;*
 - b. *Obsolescence;*
 - c. *Excessive Land Coverage; and*
 - d. *Lack of Community Planning.*
2. Vacant Area: Qualifies as a "Vacant Blighted Area" by the presence of currently vacant land that exhibits "vacant blight" by the presence of the following two (2) characteristics:
 - a. *Obsolete Platting; and*
 - b. *Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land.*

Improved Area

The Improved Area of the Near South TIF additional parcels qualifies under Section 5/11-74.4-3(a) as a "Conservation Area":

"...any improved area within the boundaries of a Redevelopment Project Area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of three or more of the following factors: dilapidation; obsolescence; deterioration, illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light, or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or

layout; depreciation of physical maintenance; lack of community planning; is detrimental to the public safety, health, morals, or welfare and such an area may become a blighted area."

Based on the observed style and construction methods of the buildings within the Near South TIF Redevelopment Amendment 5 Project Area, as well as historic records provided by the City, two (2) of the three (3) buildings in the Improved Area of the additional parcels have been identified as more than 35 years old. This exceeds the statutory requirement that at least 50% of the buildings in a Conservation Area must be 35 years of age or older. The characteristic of age presumes the existence of problems or limiting conditions resulting from normal and continuous use of the structure and exposure to the elements over a period of many years. As a rule, older buildings or improvements typically exhibit more problems than buildings constructed in later years because of longer periods of active usage (wear and tear) and the impact of time, temperature, and moisture. Additionally, older buildings tend not to be well suited for modern-day uses because of contemporary space and development standards.

Having met the threshold criteria as a "Conservation Area", the Improved Area of the additional parcels must exhibit three (3) or more eligibility factors that are present in and reasonably distributed throughout the Improved Area and to such a degree that they are detrimental to the public safety, health, morals, or welfare and may lead to blighting of the improved parcels. Based upon field survey, data from the City, and inspections and analysis of the area, the Improved Area of the additional parcels meets four (4) of the necessary factors to qualify as a "Conservation Area" as defined by the Act.

Improved Area Factors

1. Deterioration (building and site)

With respect to buildings, the Act defines deterioration as "defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to site, that the condition of roadways, alleys, curbs, butters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding though paved surfaces."

Through field observations, deterioration was observed as a factor present to a major extent throughout the additional parcels. Conditions contributing to this factor include deteriorating structures, deteriorating off-street parking and storage areas and site surface areas, and deteriorating alleys, street pavement, curbs, gutters, and sidewalks. The Jones College Prep building and associated site areas are characterized by deterioration. As a result, deterioration contributes towards the designation of the Improved Area of the Near South TIF additional parcels as a "Conservation Area".

2. Dilapidation

Per the Act, dilapidation is "an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a

combination that a documented building conditions analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed." At a minimum, dilapidated buildings are those with critical defects in primary structural components (roof, bearing walls, floor structure, and foundation), building systems (heating, ventilation, lighting, and plumbing), and secondary structural components in such combination and extent that: (i) major repair is required or (ii) the defects are so serious and extensive that the buildings must be removed.

While dilapidation may be present, it is not to a major extent in the Improved Area of the Near South TIF additional parcels and thus does not contribute towards TIF eligibility.

3. Obsolescence

Structures are typically built for certain uses or purposes with design, location, height and space arrangement each intended for a specific occupancy at a given time. Buildings are obsolete when they contain characteristics or deficiencies that limit the re-use and marketability of such buildings for their original intended purpose. These characteristics may include an inherent deficiency existing from poor or out-dated design or layout, improper orientation of building on site, inability to accommodate contemporary amenities or facilities, etc., which detracts from the overall usefulness or desirability of a property. Obsolescence in such buildings is typically difficult and expensive to correct.

The oldest Jones College Prep building was originally built as a stenographer school, which points to its obsolescence. The building is characterized by an out-dated design and an inability to accommodate contemporary high school learning. As such, obsolescence of the Jones College Prep buildings is present to a major extent throughout the Improved Area of the Near South TIF additional parcels and contributes to eligibility.

4. Existence of Structures Below Minimum Code

Structures below minimum code standards include all structures that do not meet the standards of zoning, subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require buildings to be constructed in such a way as to sustain safety of loads expected from this type of occupancy, to be safe for occupancy against fire and similar hazards, and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies which presume to threaten health and safety.

Correspondence with City staff determined that there might be some structures that are in violation of minimum code standards of the City; however, the presence of structures below minimum code standards is not a contributing factor in the designation of the Improved Area of the Near South TIF additional parcels as a "Conservation Area."

5. Illegal Use of Structure

Per the Act, a structure that is “in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards” is classified under the category of illegal use of individual structures. Examples of illegal uses may include, but not be limited to the following:

- Illegal home occupations;
- Conduct of any illegal vice activities such as gambling, drug manufacture or dealing, prostitution, sale and/or consumption of alcohol by minors;
- Uses not in conformance with local zoning codes and not previously grandfathered in as legal nonconforming uses;
- Uses in violation of national, state or local environmental and occupational safety and health regulations; and
- Uses involving manufacture, sale, storage or use of dangerous explosives and firearms.

Correspondence with City staff determined no structures are being used illegally and thus this factor does not contribute to the “Conservation Area” designation of the Improved Area of the Near South TIF additional parcels.

6. Excessive Vacancies

Per the Act, excessive vacancy is defined as “the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.” This criterion includes properties which evidence no apparent effort directed toward their occupancy or utilization and vacancies within buildings.

All buildings are occupied within the Improved Area of the Near South TIF additional parcels, and thus excessive vacancy is not a contributing factor.

7. Lack of Ventilation, Light, or Sanitary Facilities

Many older structures fail to provide adequate ventilation, light, or sanitary facilities as required by local building or housing codes. This is also a characteristic often found in illegal or improper building conversions. The criterion used for determining the presence of this factor can be found in local codes and ordinances, or in locally adopted national codes such as the Uniform Building Code. Lack of ventilation, light, or sanitary facilities is presumed to adversely affect the health of building occupants (residents, employees, visitors, etc.). Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in space/rooms without windows (e.g., bathrooms) and dust, odors, or smoke producing activity areas.

- Adequate natural light and ventilation by means of skylights or windows for interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios.
- Adequate sanitary facilities, which includes garbage/storage enclosure, bathroom facilities, hot water, and kitchens.
- Adequate ingress and egress to and from all rooms and units.

Correspondence with City staff determined that while some structures within the Improved Area may exhibit some characteristics, this factor is not present to a major extent and thus does not contribute to the Improved Area of the Near South TIF additional parcels being designated as a "Conservation Area."

8. Inadequate Utilities

This factor relates to all underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the redevelopment project area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the redevelopment project area.

The parcels in the Improved Area of the Near South TIF additional parcels are adequately serviced by electrical and communications (telephone, cellular phone, cable, etc) providers, sewer, water, and other basic utilities. While the age of this infrastructure in some portions of the improved area may soon necessitate their replacement, the area is adequately serviced.

Given the above stated conditions, existing utilities are adequate and therefore are not a contributing factor to the designation of the Improved Area of the Near South TIF additional parcels as a "Conservation Area."

9. Excessive Land Coverage and Overcrowding of Structures and Community Facilities

This factor relates to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety, and multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

Excessive land coverage and the overcrowding of structures and community facilities were observed within the Project Area. Jones College Prep was built for a different

function and not intended for the number of students that it currently serves. The building occupies a significant portion of the site envelope, which leaves little open space for students to congregate or use for outdoor extracurricular activities. The building is situated on parcels of inadequate size in relation to modern school facilities. Furthermore, due to excessive land coverage, there is a major hindrance to building off-street parking, loading and service.

Based on these observations of the existing conditions of the site, excessive land coverage and the overcrowding of structures and community facilities is a contributing factor toward the designation of the Improved Area of the Near South TIF additional parcels as a "Conservation Area."

10. Deleterious Land-Use or Layout

Deleterious land uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses which may be considered noxious, offensive or environmentally unsuitable.

Incompatible land-use relationships typically occur when the function of one land use negatively impacts the adjacent land uses. Characteristics such as hours of operation, vehicular traffic, noise, security lighting, truck delivery traffic, and utilizing the public right-of-way as part of a loading zone or parking lot can negatively impact the quality of life for adjacent land uses if there are not adequate buffers and site design considerations. Within the improved area there are a small number of instances where incompatible land uses might impact surrounding properties. However, these instances exist in limited locations, and thus this factor does not significantly impact the improved area.

While deleterious land-use and layout does exist, the observed limited number of instances within the Improved Area is limited and thus is not a contributing factor in the designation of the Improved Area of the Near South TIF additional parcels as a "Conservation Area."

11. Environmental Clean-Up

This factor may be documented by determining if any requirements by the Illinois Environmental Protection Agency, the United States Environmental Protection Agency, or any study conducted by a recognized independent expert consultant has resulted in the need to incur remediation costs for a site that have resulted in impeding further site redevelopment. Such remediation costs may be related to the need for the clean-up of hazardous waste, hazardous substances, or underground storage tanks as required by State or Federal law

No documentation currently exists which indicates that environmental remediation would result in impeding redevelopment. Without further documentation of necessary environmental remediation this factor does not contribute to the status of the Improved Area of the Near South TIF additional parcels as a "Conservation Area."

12. Lack of Community Planning

This may be a significant factor if the proposed improved area developed prior to or without the benefit or guidance of a community plan. This means that no community plan existed or it was considered inadequate, and/or was virtually ignored during the time of the area's development. The finding of a lack of community planning may be amplified by other evidence which shows the deleterious results of the lack of community planning, including cross-referencing other physical condition eligibility factors. This may include, but is not limited to, adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, and parcels of inadequate size or shape to meet contemporary development standards.

Lack of community planning is present to a major extent throughout the improved area of the Near South TIF Redevelopment Amendment 5 Project Area. Conditions contributing to this factor include incompatible land-use relationships, parcels of inadequate size or irregular shape for contemporary development in accordance with current day needs and standards, and the development of the Improved Area with limited open space or adequate off-street parking and loading facilities. Based on these observations of the existing conditions of the site and surrounding area, a lack of community planning is a contributing factor toward the designation of the Improved Area of the Near South Near South TIF additional parcels as a "Conservation Area."

13. Decline in Equalized Assessed Value

This factor can be cited if, according to the Act, "the total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years for which information is available; or is increasing at an annual rate that is less than the balance of the municipality for three (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 three (3) of the last five (5) calendar years for which information is available."

The Improved Area consists entirely of Jones College Prep buildings and associated uses, all of which are property tax exempt. As a result of their tax exemption, there cannot be a decline in the equalized assessed value and thus, this is not a factor that contributes to eligibility.

Map 2 provides a summary of blight factors. In addition, Map 6 provides a summary of TIF eligible criteria of the Improved Area of the Near South TIF additional parcels.

Vacant Area

The Vacant Area qualifies under Section 5/11-74.4-3 of the Act as "vacant":

"vacant land" means any parcel or combination of parcels of real property without industrial, commercial, and residential buildings which has not been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, unless the parcel is included in an industrial park conservation."

Due to observed conditions, review of historical aerial photographs, and consultation with the City, the vacant area as shown on figure 2 (improved/Vacant parcel map) qualifies as "vacant" as defined by Section 5/11-74.4-3 of the Act.

Since "vacancy" has been determined, the Vacant Area will qualify under Section 5/11-74.4-3 as "blighted" if:

"...The sound growth of the redevelopment project area is impaired by a combination of 2 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains: obsolete platting of vacant land; diversity of ownership of parcels in number to retard or impede the ability to assemble the land for development; tax and special assessment delinquencies; 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; The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior..."

Blighting Factors in the Vacant Area

1. Obsolete Platting

Obsolete platting of vacant land can be cited as a contributing factor if the platting of the vacant parcels results in parcels of limited or narrow size or configurations 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. In addition, obsolete platting can be cited if such platting has 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.

Obsolete platting was observed to a major extent throughout the Vacant Area of the Near South TIF additional parcels. The seven (7) vacant parcels are of an irregular and inadequate width, depth, and area to allow for redevelopment in a planned manner or manner compatible with contemporary standards and requirements. In order to develop the site in compatibility with surrounding land uses, significant lot consolidation will be required in order to create a site of adequate area. As a result of inadequate plat width, depth, and area, obsolete platting further contributes towards the designation of the Vacant Area of the Near South TIF additional parcels as "blighted".

2. Diversity of Ownership

This factor can be cited if the diversity of ownership of the vacant parcels is sufficient in number to retard or impede the ability to assemble the land for development.

All parcels in the Vacant Area of the Near South TIF additional parcels are owned by the public agencies (e.g., Public Building Commission), thus diversity of ownership is not a contributing factor in the designation of the Vacant Area as "blighted".

3. Tax and Special Assessment Delinquencies

This factor can be cited if it can be shown that 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.

The vacant parcels are all property tax exempt. As a result of their tax exemption, there is no documented tax or special assessment delinquencies and thus, this is not a factor that contributes to eligibility.

4. Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the Vacant Land

This may be a significant factor if deterioration of structures or site improvements is observed in neighboring areas adjacent to the vacant land. With respect to buildings, the Act defines deterioration as "defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. With respect to site, that the condition of roadways, alleys, curbs, butters, sidewalks, off-street parking, and surface storage areas evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding though paved surfaces."

Through field observations, deterioration was observed as a factor present to a major extent throughout those areas that were adjacent and neighboring to the vacant parcels. The conditions of neighboring properties include deteriorating structures, deteriorating off-street parking and storage areas and site surface areas, and deteriorating alleys, street pavement, curbs, gutters, and sidewalks. Deterioration was noted at the neighboring Jones College Prep buildings, as well as neighboring buildings and sites to the south and west. As a result of deterioration in neighboring properties, deterioration contributes towards the designation of the Vacant Area of the Near South TIF additional parcels as "blighted".

5. EPA Remediation

This factor can be cited if 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.

No documentation currently exists which indicates that environmental remediation would result in impeding the site's redevelopment. Without further documentation of necessary environmental remediation this factor does not contribute to the status of the Vacant Area of the Near South TIF additional parcels as "blighted."

6. Declining EAV

This factor can be cited if, according to the Act, "the total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years for which information is available; or is increasing at an annual rate that is less than the balance of the municipality for three (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 three (3) of the last five (5) calendar years for which information is available."

The vacant parcels are entirely tax-exempt property. As a result of their tax exemption, there cannot be a decline in the equalized assessed value and thus, this is not a factor that contributes to eligibility.

Map 7 provides a summary of TIF eligible criteria of the Vacant Area of the Near South TIF additional parcels.

Conclusion

Based on the results of the field investigation by Teska Associates and information provided by the City, it is the finding of Teska Associates that the Improved Area of the Near South TIF additional parcels qualifies as a "Conservation Area" and the Vacant Area of the Near South TIF additional parcels qualifies as a "Vacant Blighted Area."

As depicted in Map 6, the Improved Area meets the criteria as a "Conservation Area" based on the predominance and extent of parcels and structures exhibiting the following characteristics:

1. Deterioration of Buildings and Site Improvements;
2. Obsolescence;
3. Excessive Land Coverage and Overcrowding; and
4. Lack of Community Planning.

As depicted in Map 7, the Vacant Area meets the criteria to be eligible as a "Vacant Blighted Area" based on the predominance and extent of parcels and structures exhibiting the following characteristics:

1. Obsolete Platting; and
2. Deterioration of Structures or Site Improvements in Neighboring Areas Adjacent to the

Vacant Land.

Each of these factors is present to a significant degree and distributed throughout the improved and vacant parcels respectively. Further, these factors act in combination with one another, reinforcing the negative effects of the other factors. Therefore, the combination of the factors throughout the additional parcels has significant impact. These factors contribute significantly towards the decline of the Near South TIF additional parcels as a whole and, when combined, constitute an eligible project area. When these Near South TIF additional parcels are combined with the previously established Near South TIF Redevelopment Project Area the entire Near South TIF Redevelopment Project and Plan Area is "TIF eligible."

All of these characteristics point to the need for this designation to be followed by public intervention in order that redevelopment might occur.

5. NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AND PLAN AMENDMENT 5

This section presents the overall program to be undertaken by the City of Chicago, other taxing bodies, and by private developers acting under redevelopment agreements with the City. It includes a description of redevelopment plan and project objectives, a description of redevelopment activities, a general land-use plan, estimated redevelopment project costs, a description of sources of funds to pay redevelopment project costs, a description of obligations that may be issued, identification of the most recent equalized assessed valuation of properties in the Near South TIF Redevelopment Amendment 5 Project Area, and an estimate of anticipated equalized assessed valuation. Those activities provided for in this TIF Redevelopment Project and Plan Amendment 5 are intended to complement the previously adopted Near South TIF Redevelopment Project and Plan and those activities provided for in that plan.

The primary activity provided for in the TIF Redevelopment Project and Plan Amendment 5 is to provide for necessary public infrastructure and facilities in support of the established Goals and Objectives of the Plan, including infrastructure supporting public schools, as well as public infrastructure and transportation improvements within and adjacent to the Redevelopment Project Area. The significant residential and commercial growth generated by the success of the original Near South TIF Redevelopment Project and Plan have placed strain upon these infrastructure elements and facilities, which create the need for improvements. The TIF Redevelopment Project and Plan Amendment 5 also provides for economic development opportunities within and adjacent to the Redevelopment Project Area. In addition, there may be other TIF eligible activities that the City and other partners may undertake. In general, the TIF Redevelopment Project and Plan Amendment 5 provides for the creation of an environment within the Redevelopment Project Area that will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties adjacent to the Redevelopment Project Area. In the event the City determines that implementation of certain activities or improvements is not feasible, the City may alter the scope of the overall program and plan.

A. Redevelopment Objectives

The established objectives of the Near South TIF Redevelopment Project and Plan include:

- Reduce or eliminate those conditions which qualify the Near South TIF Redevelopment Amendment 5 Project Area as a blighted area;
- Strengthen the economic well-being of the Near South TIF Redevelopment Amendment 5 Project Area and the City by increasing community facilities, taxable values, and job opportunities;
- Create an environment which stimulates private investment in new construction, expansion, and rehabilitation;
- Achieve development which is integrated both functionally and aesthetically with nearby existing development, and which contains a complementary mix of uses;
- Encourage a high-quality appearance of buildings, rights-of-way, and open spaces, and encourage high standards of design;
- Provide sites for needed public improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with accepted design criteria for such facilities;
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts;
- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Near South TIF Redevelopment Amendment 5 Project Area; and
- Implement and achieve the Near South TIF Redevelopment Amendment 5 Project Area Goals.

In addition to furthering these established objectives, the following objective is added:

- Improve community facilities and amenities, which respond to additional development resulting from the significant residential and commercial development generated by the TIF.

B. Redevelopment Project and Plan Amendment 5 Activities

The City proposes to achieve its redevelopment goals, policies and objectives for the TIF Redevelopment Project and Plan Amendment 5 through public financing techniques including tax increment financing and by undertaking some or all of the following actions:

1. Provision of Public Improvements

Adequate public improvements and facilities will be provided to service the entire Near South TIF Redevelopment Amendment 5 Project Area. Public improvements and facilities may include, but are not limited to the following:

a. Redevelopment of Jones College Prep

As noted, Jones College Prep was originally built as a stenographer college, which points to its obsolescence. The building is characterized by an out-dated design and an inability to accommodate contemporary high school learning. The purpose of the Jones College Prep redevelopment is to eliminate such obsolescence and provide for a modern high school facility. In addition, the redevelopment will address such issues as lack of open space, deterioration of building and site, and the hindrance to building off-street parking, loading and service.

Any redevelopment of the Jones College Prep will, to the greatest extent possible, will be timed to coincide with other Redevelopment Project Area redevelopment activities so that the adverse effects of such activities may be minimized.

b. Roadways and Related Improvements

Roadway projects from repair and resurfacing might be undertaken. Public sewers, water lines, City electrical services for lighting and signals, public transit, and any other necessary public utilities might be upgraded or installed in each improved roadway segment as needed.

c. Parks, Open Space, and Amenities

Improvements to parks, open spaces, and related amenities may be pursued as needed. This is particularly important as the residential components of the Redevelopment Project Area and recreational elements along the nearby lakefront continue to evolve.

2. Job Training and Related Educational Programs, Including Day Care Provision

Separate or combined programs designed to increase the skills of the labor force to take advantage of the employment opportunities within the Near South TIF Redevelopment Amendment 5 Project Area will be implemented.

3. Adopted Near South Redevelopment Projects

The City will continue to complete those activities listed in the previously adopted Near South Redevelopment Project and Plan (including Amendments 1, 2, 3, and 4).

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

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

5. Redevelopment Agreements

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

6. Other TIF Eligibility Activities

There may be other unlisted TIF eligible activities that the City and other partners may undertake. Those TIF eligible activities not specifically listed in the Redevelopment Plan will be considered in order to meet the objectives of this plan and advance additional private investment in the Area.

C. General Land-Use Plan

Nothing as part of the TIF Redevelopment Project and Plan Amendment 5 should amend or alter the previously adopted general land use plan for the Near South TIF Redevelopment Area Project and Plan.

Map 3 illustrates the Land Use Plan. In addition, Map 4 illustrates a Sub Area Land Use Plan.

D. Estimated Redevelopment Project Costs

The TIF Redevelopment Project and Plan Amendment 5 will add estimated eligible redevelopment project costs of \$195 million to the previously adopted Near South TIF Redevelopment Project and Plan budget. Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this TIF Redevelopment Project and Plan Amendment 5 pursuant to the Act. Such costs may include, without limitation, the following:

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

10. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code;
11. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a. Such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - b. Such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. If there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 - d. The total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to this Act.

A range of activities and improvements will be required to implement the TIF Redevelopment Project and Plan Amendment 5. The necessary improvements and their costs are shown in Table 1, Estimated Redevelopment Project Costs. To the extent that the City has incurred costs or municipal obligations have been issued to pay for such redevelopment project costs in anticipation of the adoption of tax increment financing, the City shall be reimbursed from real estate tax increment revenues for such redevelopment costs. The total redevelopment project costs are intended to provide an upper limit on expenditures. Within this limit, adjustments may be made in line items, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, without amendment of the TIF Redevelopment Project and Plan Amendment 5. Additional funding in the form of State and Federal grants, and private development contributions will be pursued by the City as means of financing improvements and facilities which are of a general community benefit.

Table 1
ESTIMATED REDEVELOPMENT PROJECT COSTS OF THE
NEAR SOUTH TIF REDEVELOPMENT PROJECT AND PLAN AMENDMENT 5

Expense Categories	Near South TIF Total Project Costs
Costs of studies, surveys, development of plans, and specifications, implementation and administration including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services.	\$ 20,000,000
Property assembly and acquisition.	\$ 20,000,000
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures, and leasehold improvements.	\$ 100,000,000
Costs of the construction of public works or improvements.	\$ 240,000,000
Costs of job training and retraining projects, including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area.	\$ 10,000,000
Financing costs related to the issuance of obligations.	\$ 20,000,000
All or a portion of a taxing district's capital costs resulting from the redevelopment project.	\$ 20,000,000
Relocation costs.	\$ 20,000,000
Payment in lieu of taxes as defined in the Act.	\$ 20,000,000
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.	\$ 10,000,000
Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project.	\$ 20,000,000
Total Estimated Project Costs	\$ 500,000,000

E. Sources of Funds to Pay Redevelopment Project Costs

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

The tax increment revenue which will be used to fund tax increment obligations and redevelopment project costs shall be the incremental real property tax revenue. Incremental real property tax revenue is attributable to the increase in the current EAV of each taxable lot, block, tract or parcel of real property in the Near South Redevelopment Project Area (including Amendments 1, 2, 3, and 4) over and above the initial EAV of each such property in the Near South Redevelopment Project Area (including Amendments 1, 2, 3, and 4). Other sources of funds which may be used to pay for redevelopment costs and obligations issued, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate.

F. Issuance of Obligations

The City may issue obligations secured by the tax increment special tax allocation fund pursuant to Section 11-74, 4-7 of the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired no later than December 31 of the year in which the payment to the municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be levied in the twenty-fourth (24th) calendar year after the year in which the ordinance approving the Central Station Redevelopment Project Area and the Central Station Redevelopment Project and Plan was adopted, such ultimate retirement date occurring on December 31, 2014. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more time in order to implement this Redevelopment Plan. The amounts payable in any year as principal of and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory sinking fund redemptions.

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

G. Most Recent Equalized Assessed Valuation of Properties for the Near South TIF Redevelopment Amendment 5 Project Area

The 13 additional parcels of the Near South TIF Redevelopment Amendment 5 Project Area include the Jones College Prep and other associated uses, all of which are property tax exempt. As a result of their tax exemption, the Equalized Assessed Value of the Near South TIF Redevelopment Amendment 5 Project Area is \$0.

H. Anticipated Equalized Assessed Valuation

The 2009 tax equalized assessed valuation of the Near South Redevelopment Project Area, which includes Amendments 1, 2, 3, and 4, was \$1,472,854,091. It is anticipated that by the end of 2014, the tax equalized assessed valuation of the Near South Redevelopment Project Area, including the addition of the Near South TIF Redevelopment Amendment 5 Project Area, will be approximately \$1,657,710,000.

I. Housing Impact

As set forth in the Act, if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is unable to certify that no displacement will occur, the municipality must prepare a housing impact study and incorporate the study in the redevelopment project plan.

The Near South TIF additional parcels do not contain any residential units. The Plan provides for the development or redevelopment of several portions of the Project Area that may contain occupied residential units. However, the City does certify that redevelopment activities taken as a result of implementing this Plan will not result in the displacement of residents from 10 or more inhabited residential units. A housing study was not required and therefore not performed.

6. CONFORMITY OF THE NEAR SOUTH TIF REDEVELOPMENT PROJECT AND PLAN AMENDMENT 5 TO THE COMPREHENSIVE PLAN FOR DEVELOPMENT OF THE CITY OF CHICAGO AS A WHOLE

The TIF Redevelopment Project and Plan Amendment 5 conforms to the comprehensive plan for development of the City of Chicago as a whole. Further, the TIF Redevelopment Project and Plan Amendment 5 are consistent with, and are established pursuant to implementation of, general municipal development objectives and policies contained in development plans previously adopted and/or considered by the City of Chicago, including, among others, the following:

1. "An Ordinance For the Establishment of Harbor District Number Three; the Construction by the Illinois Central Railroad Company of a New Passenger Station; Electrification of Certain of the Lines of the Illinois Central and Michigan Central Railroad Companies Within the City; and the Development of the Lake Front" passed by the City Council of the City of Chicago in 1919, as amended;
2. The Comprehensive Plan of Chicago of 1966;
3. The Guidelines for Development; I.C. Air Rights -- 11th Place to 31st Street of 1972;

4. The Lakefront Plan of Chicago of 1973;
5. The Lake Michigan and Chicago Lakefront Protection Ordinance of 1973;
6. Chicago 21: a Plan for the Central Area Committees of 1973;
7. Chicago Central Area Plan of 1983;
8. The Near South Development Plan of 1986;
9. The Central Station Guidelines;
10. The Central Station Plan of Development;
11. The Near South Community Plan of 2003
12. The Central Area Plan of 2003

7. PHASING AND SCHEDULING OF NEAR SOUTH TIF REDEVELOPMENT PROJECT AND PLAN AMENDMENT 5

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

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

8. PROVISIONS FOR AMENDING THE NEAR SOUTH TIF REDEVELOPMENT PROJECT AND PLAN AMENDMENT 5

This Near South TIF Redevelopment Project and Plan Amendment 5 may be amended pursuant to the provisions of the Act.

9. AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the TIF Redevelopment Project and Plan Amendment 5:

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

In order to implement these principles for this TIF Redevelopment Project and Plan Amendment 5, the City shall require and promote equal employment practices and affirmative action on the

part of itself and its contractors and vendors. In particular, parties contracting for work on the project shall be required to agree to the principles set forth in this section.

10. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in Section 4 of this TIF Redevelopment Project and Plan Amendment 5 report, the Near South TIF Redevelopment Amendment 5 Project Area as a whole is adversely impacted by the presence of numerous blighting factors, and these factors are reasonably distributed throughout the area. The redevelopment project area on the whole has not been subject to growth and development. The lack of investment is evidenced by the continued existence of blight and the limited number of new development projects undertaken on a planned development basis.

The Near South TIF Redevelopment Amendment 5 Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Near South TIF Redevelopment Project and Plan Amendment 5, and the adoption of tax increment financing.

11. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this TIF Redevelopment Project and Plan Amendment 5, and tax increment financing, the Near South TIF Redevelopment Amendment 5 Project Area is not reasonably expected to be redeveloped. There is a real prospect that the documented blighted conditions will continue to exist and spread, and the Near South TIF Redevelopment Amendment 5 Project Area on the whole will become less attractive for the maintenance and improvement of existing buildings and sites. The existing conditions at Jones College Prep might limit residential growth and erode the assessed value of property. Such erosion of assessed value would be made worse by the lack of a concerted effort by the City to stimulate revitalization and redevelopment. Furthering of blighting conditions, coupled with a lack of effort by the City could lead to a reduction of real estate tax revenue to all taxing districts.

Section 5 of this TIF Redevelopment Project and Plan Amendment 5 describes the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. The redevelopment program will be staged consistent with the available financial resources required to complete the various redevelopment projects and activities set forth in this Plan. If the aforementioned projects are successful, it is anticipated that the redevelopment will be instrumental in alleviating blighted conditions and restoring the area to a long-term sound condition.

The inclusion of the Near South TIF Redevelopment Amendment 5 Project Area with the adopted Near South Amendment Redevelopment Area will result in real estate tax revenues that increase the EAV over and above the certified initial EAV established at the time of the Near South Redevelopment Project and Plan. Such increase in EAV will be used to pay redevelopment project costs in the area.

12. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within Near South TIF Redevelopment Amendment 5 Project Area:

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

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

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

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

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

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

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

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

In addition to the major taxing districts summarized above, the area is part of the following special taxing districts, which have taxing jurisdiction over the Redevelopment Project Area: the Chicago Library Fund; the City of Chicago School and Building Improvement Fund; and The Chicago Park District Aquarium and Museum Bonds.

Because the Near South TIF Redevelopment Project and Plan Amendment 5 does not call for the addition of new residential units, the demand for services or capital improvements to be provided by the Community College District 508, Chicago Park District, and City are negated.

The proposed redevelopment will either reduce or have limited impact upon the demand for services or capital improvements on any of the taxing districts named above.

Due to the success of the Near South TIF, residential development within the Near South TIF boundary and adjacent areas has greatly increased. As such, demand and service needs on existing school facilities have been increased. Specifically, the redevelopment of the Jones College Prep facility should lessen demands upon the Board of Education by replacing an obsolete outdated facility with a modern one. In addition, the redevelopment of an older, outdated facility should lessen the associated demand for treatment of sanitary and storm sewage. Thus the sanitary and storm sewage associated with the new redevelopment can be adequately handled by existing treatment facilities maintained and operated by the Water Reclamation District.

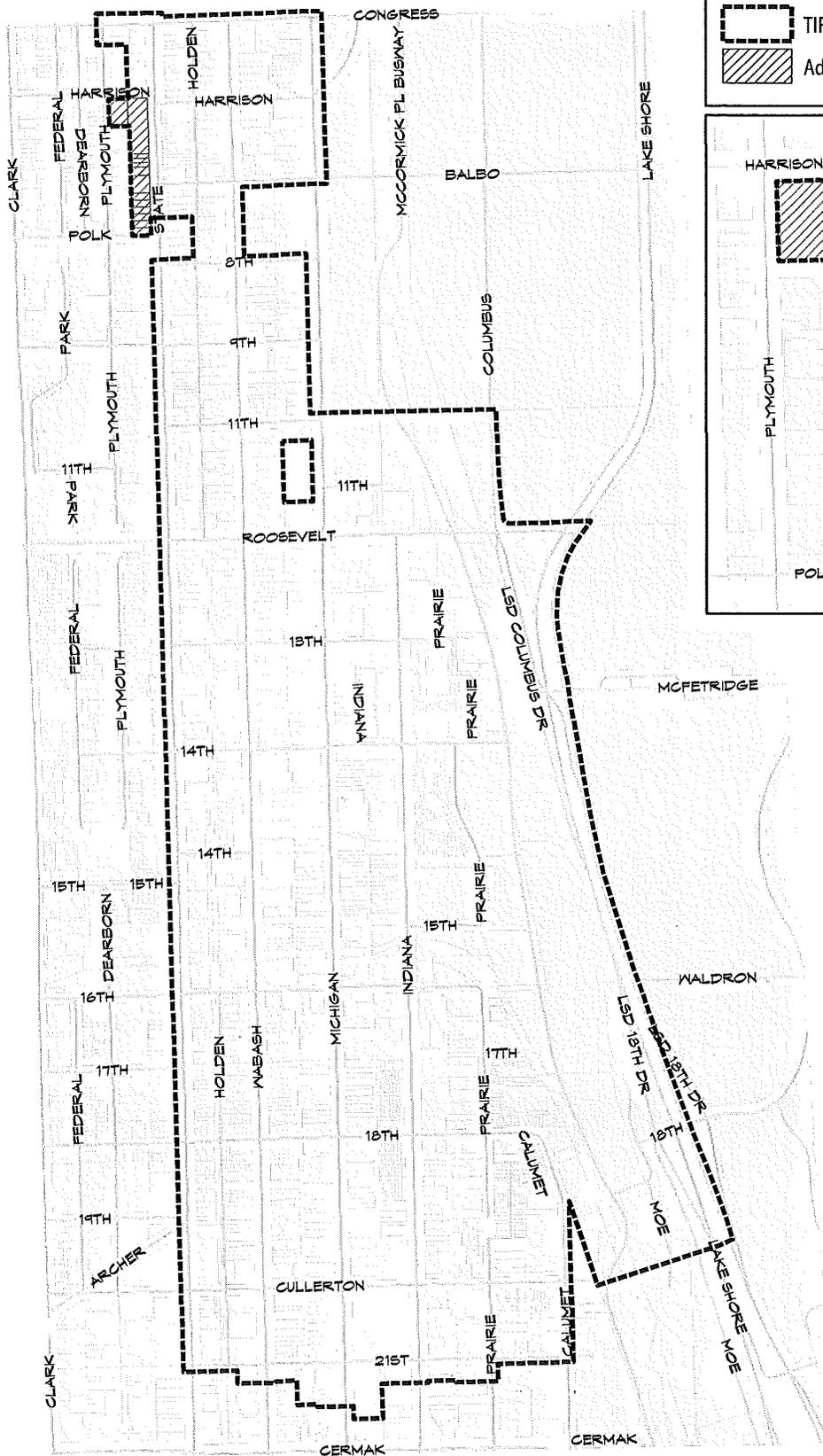
13. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described more fully in the previous section the scope of the financial impact on taxing districts should not have a significant financial impact on taxing districts and increase in the demand for services on the associated taxing districts.

In addition, as described more fully under Redevelopment Project and Plan Activities--Provision of Public Improvements in Section 5 of this Redevelopment Project and Plan, the City plans to provide public improvements and facilities to service the Redevelopment Project Area. Such improvements may mitigate some of the additional service and capital improvement demands placed on taxing districts as a result of the implementation of this Redevelopment Project and Plan. Specifically in relation to the Board of Education, the Near South TIF Redevelopment Project and Plan Amendment 5 calls for the redevelopment of the Jones College Prep, which should be beneficial upon the impact and demand for school services.

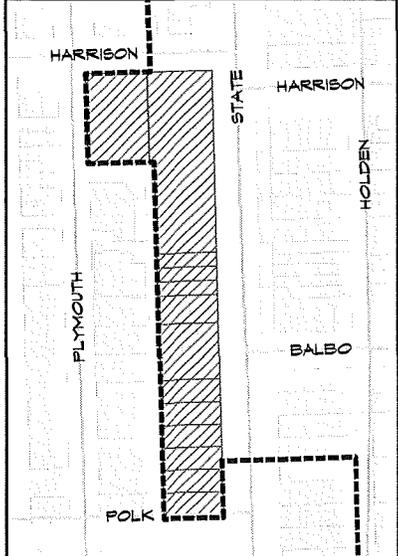
DEVELOPMENT PROGRAM MAP

The Development Program map, which was part of the Near South Tax Increment Financing Redevelopment Project and Plan Amendment No. 2 document ("Figure 3" in the 1994 Amendment), is hereby removed.



LEGEND

- TIF District Boundary
- Additional Parcels



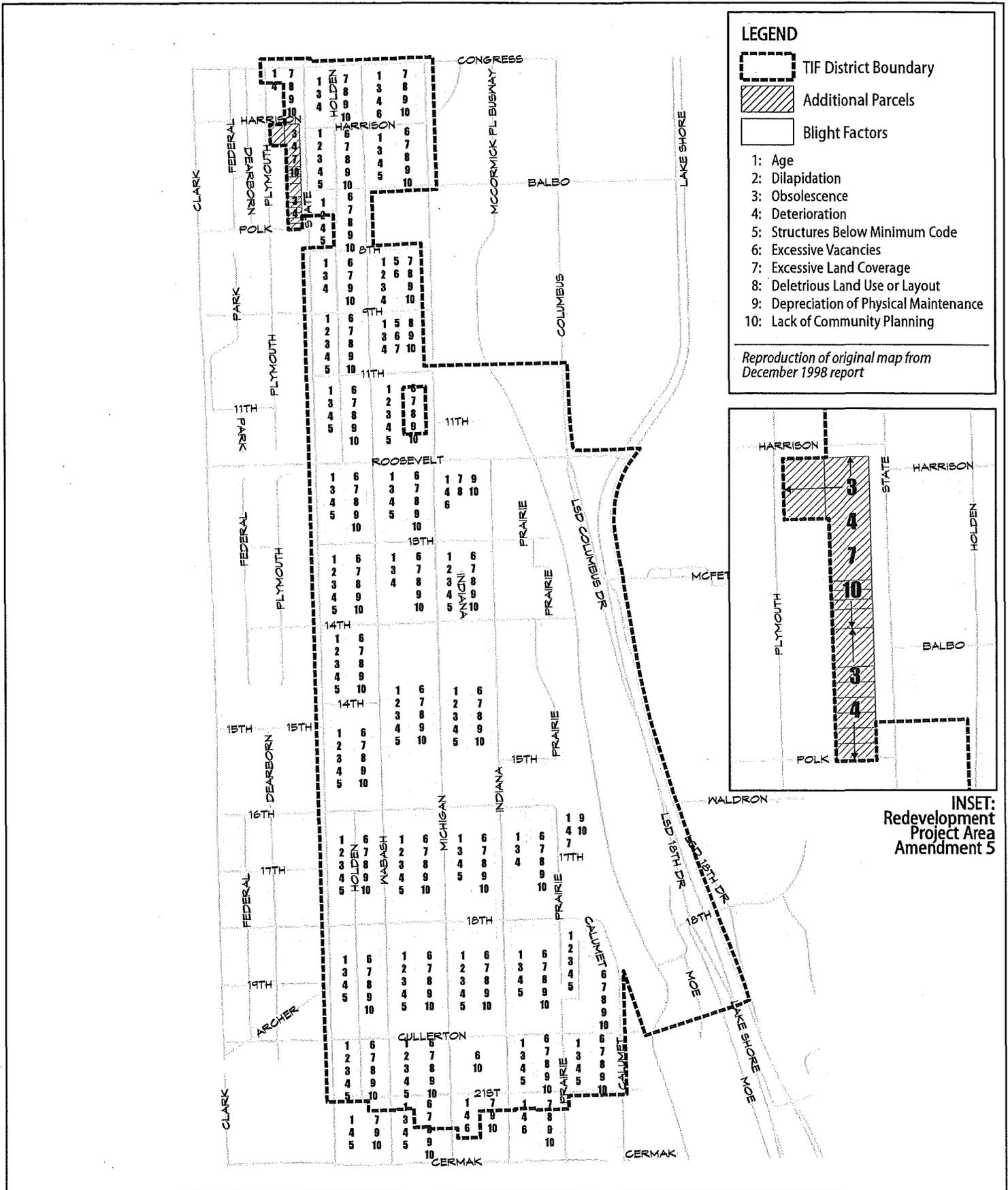
INSET:
Redevelopment
Project Area
Amendment 5



MAP 1
Project Boundary Map

Near South TIF Amendment | City of Chicago, Illinois

Last Revised: November 30, 2010

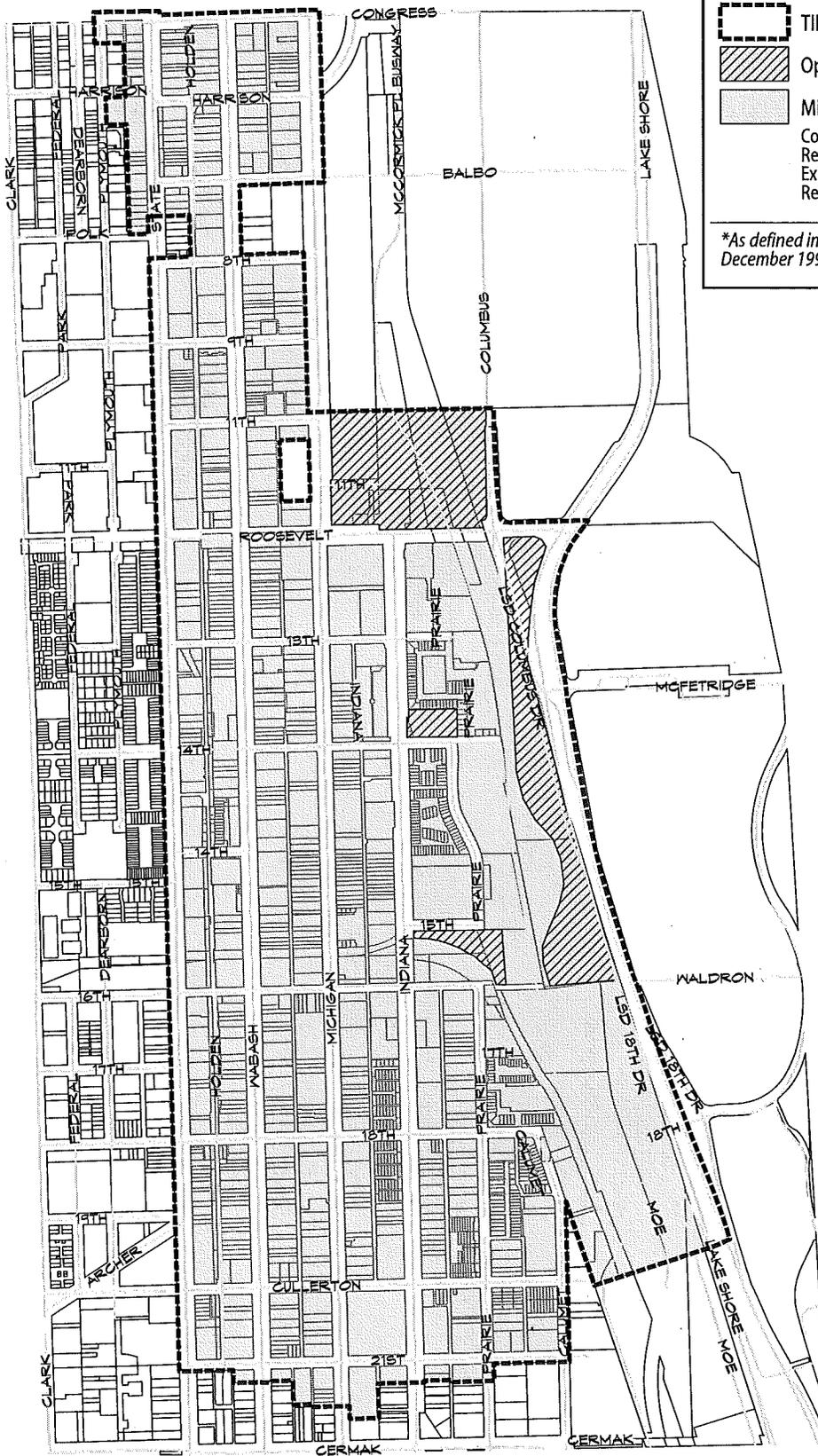


MAP 2
Summary of Blight Factors

Near South TIF Amendment | City of Chicago, Illinois



Last Revised: November 30, 2010



LEGEND

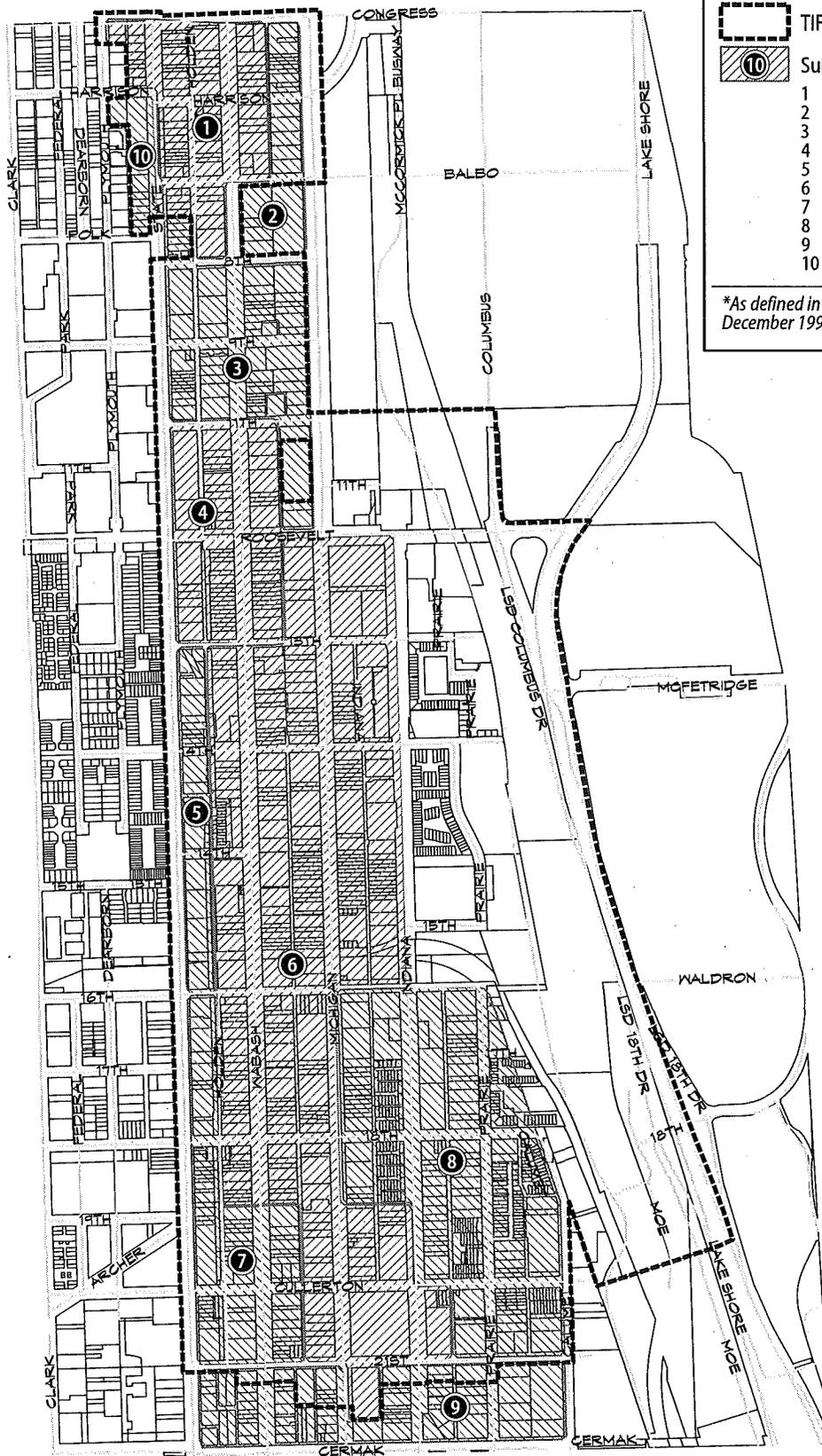
-  TIF District Boundary
-  Open Space & Parks
-  Mixed Use
Commercial, Residential,
Retail, Institutional,
Exhibition, Parking &
Related Uses*

**As defined in original Land Use Map from December 1998 report*



MAP 3
Land Use Plan | Entire TIF District
 Near South TIF Amendment | City of Chicago, Illinois

Last Revised: November 30, 2010



LEGEND

TIF District Boundary

Sub Area

- 1 Office/Service
- 2 Hotel/Institutional
- 3 Residential
- 4 Retail
- 5 Residential
- 6 Residential/Institutional
- 7 Commercial Service
- 8 Art & Historic District
- 9 Hotel/Restaurant/Service
- 10 Institutional/Mixed Use

**As defined in original Land Use Map from December 1998 report*



MAP 4
Sub Area Land Use Plan

Near South TIF Amendment | City of Chicago, Illinois

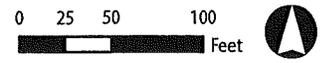
Last Revised: November 30, 2010

GIS data provided by the City of Chicago; map prepared by Teska Associates, Inc.



LEGEND

-  TIF District Boundary
-  Improved Parcels of Additional Parcels
-  Vacant Parcels of Additional Parcels

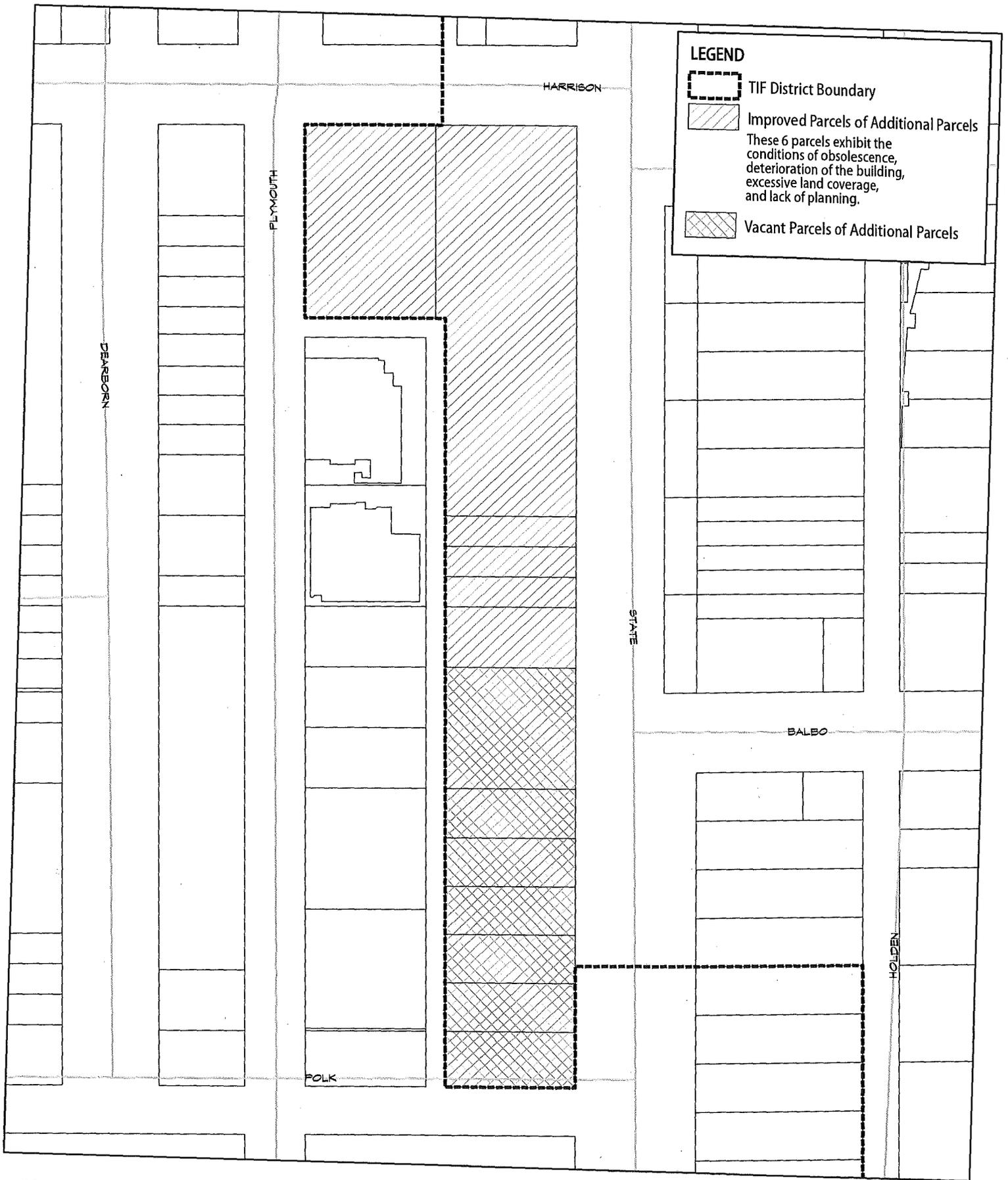


MAP 5
Improved & Vacant Parcels | Additional Parcels (Amendment 5)

Last Revised: November 30, 2010

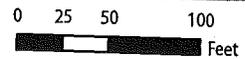
Near South TIF Amendment | City of Chicago, Illinois

GIS data provided by the City of Chicago; map prepared by Teska Associates, Inc.

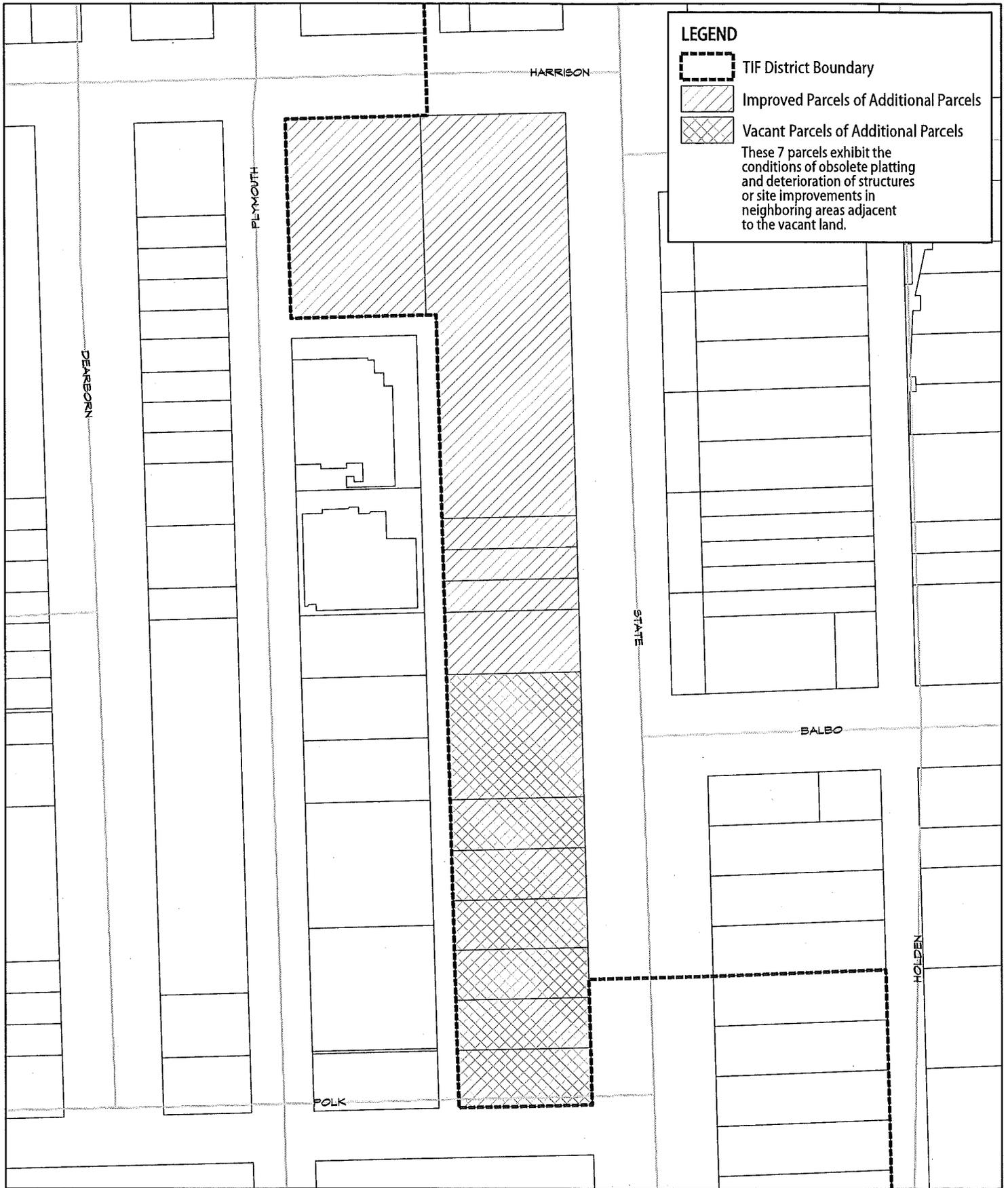


MAP 6
TIF Eligible Criteria of Improved Parcels | Additional Parcels (Amendment 5)

Near South TIF Amendment | City of Chicago, Illinois



Last Revised: November 30, 2010



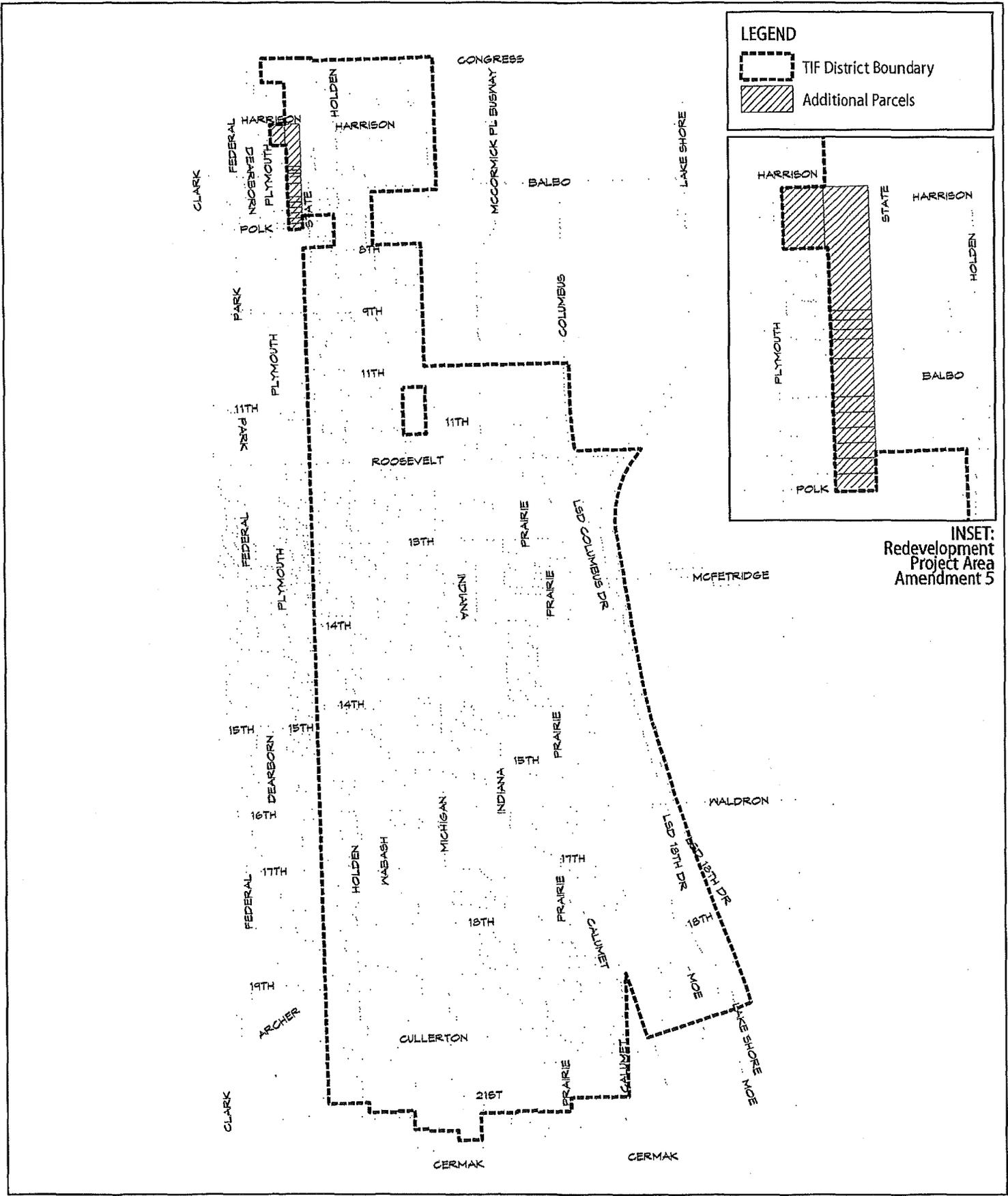
MAP 7

TIF Eligible Criteria of Vacant Parcels | Additional Parcels (Amendment 5)

Last Revised: November 30, 2010

Near South TIF Amendment | City of Chicago, Illinois

GIS data provided by the City of Chicago; map prepared by Teska Associates, Inc.



MAP 1
Project Boundary Map



Last Revised: November 30, 2010

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Attachment B

CERTIFICATION

TO:

Judy Baar Topinka
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Canello, Director of Local
Government

Jean-Claude Brizard
Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603

James R. Dempsey, Controller
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Jacqueline Torres, Director of Finance
Metropolitan Water Reclamation District of
Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Herman Brewer
Director
Cook County Bureau of Planning & Dev.
69 West Washington Street, Suite 2900
Chicago, Illinois 60602

Douglas Wright
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426

Lawrence Wilson, Comptroller
Forest Preserve District of Cook County
69 W. Washington Street, Suite 2060
Chicago, IL 60602

Michael P. Kelly, General Superintendent &
CEO
Chicago Park District
541 North Fairbanks
Chicago, Illinois 60611

I, Rahm Emanuel, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the "Act") with regard to the Near South Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

Attachment B

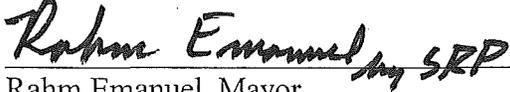
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2011, the City complied, in all material respects, with the requirements of the Law, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 29th day of June, 2012.


Rahm Emanuel, Mayor
City of Chicago, Illinois



DEPARTMENT OF LAW

June 29, 2012

CITY OF CHICAGO

Attachment C

Judy Baar Topinka
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Canello, Director of Local
Government

Jean-Claude Brizard
Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603

James R. Dempsey, Controller
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Jacqueline Torres, Director of Finance
Metropolitan Water Reclamation District
of Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Herman Brewer
Director
Cook County Bureau of Planning & Dev.
69 West Washington Street, Suite 2900
Chicago, Illinois 60602

Douglas Wright
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426

Lawrence Wilson, Comptroller
Forest Preserve District of Cook County
69 W. Washington Street, Suite 2060
Chicago, IL 60602

Michael P. Kelly, General Superintendent
& CEO
Chicago Park District
541 North Fairbanks
Chicago, Illinois 60611

Re: Near South
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

I am the Corporation Counsel of the City of Chicago, Illinois (the "City") and, in such capacity, I am the head of the City's Law Department. In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.

Attachment C

Opinion of Counsel for 2011 Annual Report
Page 2

June 29, 2012

Attorneys, past and present, in the Law Department of the City and familiar with the requirements of the Act, have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area, and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Housing and Economic Development, Department of Finance and Office of Budget and Management (collectively, the "City Departments"), have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Stephen R. Patton
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

ATTACHMENTS D, E and F

ATTACHMENT D

Activities Statement

Projects that were implemented during the preceding fiscal year, if any, are set forth below:

None

Redevelopment activities undertaken within this Project Area during the preceding fiscal year, if any, have been made pursuant to: (i) the Redevelopment Plan for the Project Area, and (ii) any Redevelopment Agreements affecting the Project Area, and are set forth in Section 3 herein by TIF-eligible expenditure category.

ATTACHMENT E

Agreements

Agreements entered into concerning the disposition or redevelopment of property within the Project Area during the preceding fiscal year, if any, are attached hereto.

None

ATTACHMENT F

Additional Information

The amounts shown elsewhere in this report, including those shown in Section 3 herein, have been used to pay for project cost within the Project Area and for debt service (if applicable), all in furtherance of the objectives of the Redevelopment Plan for the Project Area.

CITY OF CHICAGO
JOINT REVIEW BOARD

ORIGINAL

Report of proceedings of a hearing
before the City of Chicago, Joint Review
Board held on January 7, 2011, at 10:11 a.m., 121
North LaSalle, Chicago, Illinois, Room 1003, and
presided over by Dorothy D. Carroll.

PRESENT:

MS. DOROTHY D. CARROLL,
Chicago Park District Representative;
MR. DARRYL HOLMES,
Cook County Department of Planning;
MS. SUSAN MAREC,
Chicago Board of Education;
MS. GLORIA PERALTA, City of Chicago
MR. RAY SANDERS,
City Colleges of Chicago

PUBLIC MEMBERS:

MS. BEATRICE JASPER
MR. WILL SEYMORE

PRESENTERS:

MS. ANN MARONE
MR. TODD VANADILOK

ALSO PRESENT:

MS. TAMRA COLLINS
MS. BETH McGUIRE
MR. CHIP HASTINGS

20 MS. CARROLL: All right, again, for the
21 record, my name is Dorothy Carroll and I'm a
22 representative of the Chicago Park District which under
23 Section 11-74.4-5 Tax Increment Allocation Redevelopment

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1 Act, is one of the statutorily designated members of the
2 Joint Review Board. Until induction of Chairperson, I
3 will moderate the Joint Review Board meeting.

4 For the record, this will be a meeting to
5 review the proposed Amendment No. 5 to Near South Tax
6 Increment Financing District. The date of this meeting
7 was announced at, and set by, the Community Development
8 Commission of the City of Chicago at its meeting of
9 December 14, 2010.

10 Notice of this meeting of the Joint
11 Review Board was also provided by certified mail to each
12 taxing district represented on the Board, which includes
13 the Chicago Board of Education, the Chicago Community
14 Colleges District by the Lake, the Chicago Park
15 District, Cook County and the City of Chicago. Public
16 notice of this meeting was also posted as of Wednesday,
17 January 5, 2011, in various locations throughout city
18 hall.

19 When proposed redevelopment plan would
20 result in displacement of residents from ten or more
21 inhabited residential units or would include 75 or more
22 inhabited residential units, the TIF Act requires that
23 the public member of the Joint Review Board must reside

1 in the proposed redevelopment project area.

2 In addition, if a municipality's housing
3 and tax study determines the majority of residential
4 units in the proposed redevelopment project area are
5 occupied by very low, low or moderate income households,
6 as defined in Section 3 of the Illinois Affordable
7 Housing Act, the public member must be a person who
8 resides in a very low, low or moderate income housing in
9 the proposed redevelopment area.

10 With us today is Will Seymore. Mr.
11 Seymore.

12 MR. SEYMORE: Yes.

13 MS. CARROLL: Welcome. Are you familiar with
14 the boundaries of the Near South Tax Increment Finance
15 redevelopment project area?

16 MR. SEYMORE: Yes, I am.

17 MS. CARROLL: What is the address of your
18 primary residence?

19 MR. SEYMORE: 2301 South Michigan.

20 MS. CARROLL: Okay. Is such address within
21 the boundaries of the Near South Tax Increment Financing
22 redevelopment project area?

23 MR. SEYMORE: I'm sorry.

1 MS. CARROLL: Is the address within the
2 boundaries of the Near South Tax Increment Financing
3 redevelopment project area?

4 MR. SEYMORE: Yes.

5 MS. CARROLL: Okay. Have you provided
6 representatives of the City of Chicago's Department of
7 Housing and Economic Development with accurate
8 information concerning your income and the income of any
9 other members of the household residing at such
10 address?

11 MR. SEYMORE: Yes.

12 MS. CARROLL: Mr. Seymore, are you willing to
13 serve as a public member for the Joint Review Board for
14 the Near South Tax Increment Financing redevelopment
15 project area?

16 MR. SEYMORE: I am.

17 MS. CARROLL: I will entertain a motion that
18 Will Seymore be selected as the public member. Is there
19 a motion?

20 MR. HOLMES: So moved.

21 MS. CARROLL: Is there a second?

22 MS. MAREC: Second.

23 MS. CARROLL: Okay, will you please vote by

1 saying aye?

2 (Chorus of ayes.)

3 MS. CARROLL: All opposed, no.

4 (Pause.)

5 Let the record reflect that Will Seymore
6 has been selected as the public member for the Near
7 South Tax Increment Financing redevelopment project
8 area.

9 Our next order of business is to select a
10 chairperson for this Joint Review Board. Are there any
11 nominations?

12 MS. MAREC: I'll nominate Dorothy Carroll.

13 MR. HOLMES: Second.

14 MS. CARROLL: Okay, let the record reflect
15 that there were no other nominations. All in favor of
16 the nomination, please vote by saying aye.

17 (Chorus of ayes.)

18 MS. CARROLL: Vote of no?

19 (Pause.)

20 Let the record reflect that Dorothy
21 Carroll has been elected as chairperson and will now
22 serve as chairperson for the remainder of the meeting.

23 At this time I'd like to take a call of

1 the role. My name is Dorothy Carroll, Chicago Park
2 District.

3 MS. MAREC: Susan Marec, Chicago Board of
4 Education.

5 MS. PERALTA: Gloria Peralta, City of Chicago.

6 MR. SEYMORE: Will Seymore, south side.

7 MR. HOLMES: Darryl Holmes, Government of Cook
8 County.

9 MR. SANDERS: Ray Sanders, City Colleges.

10 MS. CARROLL: Wonderful. All right, we are
11 beginning the presentation Q and A. As I remembered, as
12 I mentioned, this meeting will be reviewed, as I
13 mentioned, this meeting will be reviewing the plan for
14 the Near South TIF district Amendment No. 5 proposed by
15 the City of Chicago.

16 Staff of the City's Departments of
17 Housing and Economic Development and Law and other
18 departments have reviewed this plan, Amendment which was
19 introduced in the City's Community Development
20 Commission on December 14, 2010.

21 We will listen to a presentation by the
22 consultant on the plan. Following the presentation, we
23 can address any questions that the members might have

1 for the consultant or city staff. An amendment to the
2 TIF Act requires us to base our recommendations to
3 approve or disapprove the proposed Near South TIF
4 district Amendment No. 5 on the basis of the basis of
5 the area and the plan satisfying plan requirements, the
6 eligibility criteria defined in the TIF Act and
7 objectives of the TIF Act.

8 If the Board approves the plan amendment,
9 the Board will then issue an advisory, non-binding
10 recommendation, by the vote of the majority of those
11 members present and voting. Such recommendation shall
12 be submitted to the City within 30 days after the Board
13 meeting. Failure to submit such recommendation shall be
14 deemed to constitute approval by the Board.

15 If the Board disapproves the plan
16 amendment, the Board must issue a written report
17 describing why the plan and area failed to meet one or
18 more of the objectives of the TIF Act and both the plan
19 requirements and eligibility criteria of the TIF Act.
20 The City will also, then, have 30 days to resubmit a
21 revised plan. The Board and the City must also confer
22 during the time to resolve the issues that lead to the
23 Board's disapproval.

1 If such issues cannot be resolved or if
2 the revised plan is disapproved, the City may proceed
3 with the plan, but the plan can be approved only with a
4 three-fifths vote of the City Council, excluding
5 positions of members that are vacant and those members
6 that are ineligible to vote because of conflicts of
7 interest.

8 At this point, I will now turn it over to
9 our representative for Teska Associates to describe the
10 Near South TIF district Amendment No. 5.

11 MR. VANADILOK: Thank you, good morning. My
12 name is Todd Vanadilok, I'm a senior planner with Teska
13 Associates. Also with me is Lee M. Brown. He's
14 president of Teska, so we'd be happy to answer any
15 questions on this.

16 The Near South TIF district is located in
17 two community areas. It's the near south side and the
18 loop and it's also in two wards, the 2nd and 3rd wards.
19 The general boundaries of the TIF area is Congress on
20 the north, Michigan Avenue and Lake Shore Drive on the
21 east, 21st Street on the south and State Street on the
22 west.

23 And, as I mentioned before, this is

1 Amendment No. 5 and it would probably be beneficial to
2 do. A very quick time line of the TIF over time. The
3 original TIF was established and adopted in 1990, so 20
4 years ago. Back then it was referred to as the Central
5 Station Area TIF and it was adopted in 1990.

6 Four years later, in 1994, was Amendment
7 No. 1. That's when it became, it changed from the
8 Central Station Area TIF to the Near South TIF, so it
9 was just a change in the name. And then, No. 2 was in
10 1999. This was just to modify the language within the
11 TIF to reflect different language in the state statute.

12 Amendment No. 3 was in 2001. This was to
13 add a 24th collection year to the TIF. Typically, it's
14 23 years, but the TIF Act allows for a 24th year. So,
15 that was Amendment No. 3 to add that additional year.
16 And then, early in 2010, last year, was Amendment No. 4.
17 and that was to amend the budget to apply an annual CPI
18 increase.

19 And then, Amendment No. 5, which is our
20 focus today, we've been working with the City in the
21 past several months to do Amendment No. 5. And,
22 basically, the amendment is to amend the budget again
23 and also to include, which is our focus today, you'll

1 see on the inside on this map, but on the larger map
2 here is to add 13 additional parcels to the TIF
3 district, and that will be our focus for today.

4 MR. HOLMES: What are the boundaries on the
5 new parcels?

6 MR. VANADILOK: Oh, I'm sorry. The new
7 parcels are Harrison on the north, State on the east,
8 Holt on the south and Plymouth on the west and then
9 you'll see the amending, the amended area is on the
10 northwest side of the existing TIF.

11 The existing TIF has about 250, it covers
12 about 250 acres. It includes 39 full and partial city
13 blocks and has about a little over a thousand parcels.
14 The amended area, Amendment No. 5 area, as we said, has
15 13 parcels. It covers about 1.9 acres.

16 It's a partial city block, so you can see
17 on the larger map that it's not a full city block, it's
18 just a partial L-shaped area. And, the existing uses
19 currently are Jones Prep School on the north part of the
20 parcel and then a parking lot on the south part.

21 In terms of eligibility, the eligibility
22 of the larger TIF district was done in 1990 when the
23 original TIF was conducted and adopted. So, our main

1 focus was to find the eligibility of the 13 additional
2 parcels.

3 We found eligibility on two different
4 fronts. The six parcels north of Belmont, which is
5 above my arm here where Jones Prep School was, those six
6 parcels were identified as improved parcels. And, they
7 were deemed eligible as, and the qualified as
8 conservation area based on four factors, obsolescence,
9 deterioration of buildings, excessive land coverage and
10 lack of community planning.

11 The seven other parcels south of -- where
12 the parking lot is, those were identified as vacant
13 parcels. And, those qualify as vacant blighted areas
14 based on two criteria, obsolete planning and
15 deterioration of site.

16 Turning to the land use plan for the
17 area, the original TIF district area in 1990
18 established, the majority of the site was deemed as
19 mixed use, which included commercial, residential,
20 retail, institutional and sufficient parking and related
21 uses. That was primarily the most, the primary use for
22 the entire district.

23 And, you'll see certain areas, mostly on

1 the east side, closer to the lakefront in the hashed
2 areas, that was open space and parks areas that were
3 identified. For the 13 additional parcels, those would
4 also be for future land use of mixed use.

5 MR. HOLMES: Identify the 13 parcels in there,
6 please.

7 MR. VANADILOK: Up here, it would be the
8 yellow shape here and you can, it's actually identified,
9 better identifiable on this map. So, it's here in the
10 hashed area and then the inset is right there.

11 MR. HOLMES: Okay.

12 MR. VANADILOK: So, those would be, future
13 land use would be mixed use for those 13 parcels. And,
14 in terms of the budget generated for the TIF, if you
15 look on, if you have your reports, it's on page 28. We
16 were able to estimate a budget of 500 million dollars.

17 There's only four years left remaining in
18 the TIF and, in terms of the actual EAV, today's, the
19 19, the EAV for 2009 was estimated at 1.4 billion
20 dollars and then, by the end the TIF in 2014, that will
21 jump to 1., almost 1.7 billion dollars. So, about an
22 increase of a little over, close to 300 million dollars
23 between 2009, the most current EAV evaluation and the

1 end of the TIF.

2 So, it's a pretty hefty budget. And,
3 with that, I'm going to, it's a pretty quick amendment
4 just because there's only 13 additional parcels, finding
5 eligibility for that and then amending the budget, so we
6 can entertain questions.

7 MR. HOLMES: The Central Station piece is the
8 beginning of the south loop concept, extending to the
9 near south up to 22nd Street, presumably? Just trying
10 to get a reference.

11 MR. VANADILOK: Sure.

12 MS. PERALTA: Is the 500 million an increase
13 to the budget or the total budget?

14 MR. VANADILOK: Total.

15 MR. HOLMES: For this amendment of our
16 committee.

17 MR. VANADILOK: Yes.

18 MR. HOLMES: For the whole district, not
19 committee.

20 MR. VANADILOK: For the 13 parcels.

21 MR. HOLMES: Okay.

22 MR. SANDERS: How much money is left in the
23 TIF?

1 MR. HASTINGS: What do you mean by left?

2 Define that.

3 MR. SANDERS: Of the 500 million dollar
4 budget, how much hasn't been spent?

5 MR. HASTINGS: We can provide information
6 based on how much has been collected to date and how
7 much has been spent to date on it.

8 MS. McGUIRE: We haven't collected 500 million
9 dollars, yet. We're saying --

10 MR. HOLMES: It's projected through 2014.

11 MS. McGUIRE: Exactly, right.

12 MR. HOLMES: This project began in 1990?

13 MR. VANADILOK: Correct.

14 MR. HOLMES: So, the length of a TIF is 23
15 years, how do we have four years left?

16 MS. McGUIRE: Well, in 24, you have 23 years
17 of tax collections.

18 MR. HOLMES: Sure.

19 MS. McGUIRE: So, since their collected year
20 in arrears, you need 24 years to get it.

21 MR. HOLMES: Okay, thank you.

22 MS. MAREC: Well, I just have to say that I
23 appreciate all the hard work that everyone's done on

1 this project because CPS is one of the big recipients of
2 some of the support, the government support because this
3 is going to support a new Jones High School.

4 MR. HOLMES: Jones is expanding in this piece.

5 MS. MAREC: Yes, and this is, this is a big
6 part of it and so we really appreciate the support and
7 the hard work that's gone into this. This has been a
8 long-time project at CPS and so it would be great to
9 finally see this, this one through.

10 MR. HOLMES: What's the time line on the
11 expansion of Jones?

12 MS. MAREC: It should be constructed in, the
13 target is to open it in September of 2013.

14 MS. PERALTA: Is part of Jones going to be on
15 the original 13 parcels here, or --

16 MS. MAREC: Yes.

17 MS. PERALTA: Okay.

18 MS. MAREC: Yes. This will be a huge
19 accomplishment and we couldn't have done it without the
20 TIF.

21 MR. HOLMES: It's a great school, too.

22 MS. MAREC: It is. It's a great school and a
23 new facility will really make it a --

1 MR. SANDERS: How many more classrooms?

2 MS. MAREC: Pardon me?

3 MR. SANDERS: How many more classrooms are you
4 getting?

5 MS. MAREC: Well, it will be a whole new
6 building.

7 MR. SANDERS: So, you're tearing down the
8 current building?

9 MS. MAREC: That's not decided yet what's
10 going to happen to the existing building, but it will be
11 a whole new building with, I think it's targeted for 900
12 students or 1,200. I'm not sure exactly what the final
13 plan is. But, it will be a new high school with all the
14 amenities that a traditional high school has, a gym and
15 an auditorium.

16 MR. SANDERS: Okay.

17 MS. MAREC: It's going to be, the plans, it's
18 actually --

19 MS. CARROLL: Giving more kids an opportunity
20 to go to a top notch school in a college campus area
21 that surrounds its.

22 MR. HOLMES: That's great.

23 MS. CARROLL: Yeah, it's fantastic, but I,

1 Mr. Seymore, I was concerned about what are your
2 thoughts about this?

3 MR. SEYMORE: I want to, I'm very glad to be a
4 part of the program this morning and I'm just like a
5 little kid on the first day of school. I'm learning and
6 what I have heard has been very, oh boy, helpful to me.

7 So, what I can take back to my community,
8 which I live in, I live in a project, not a project but
9 an apartment. There are a lot of questions that people
10 have and wanted answered. Will I be here next year?

11 Will it change from an apartment to a project, you know?
12 And then, we have unfinished buildings in the community
13 which were built for the purpose of condos. So, the
14 economy didn't work very well for them.

15 And, anyhow, the building is just sitting
16 there. Chances are open for anyone that wants to come
17 in and do damage. Well, you can imagine how the people
18 feel in our building. We just, we're just a little
19 ones, you know, not the big ones. We're just the little
20 ones.

21 And we are threatened by many, many of
22 the hoodlums from State Street coming over to Michigan
23 Avenue. We have a new manager in the building, my

1 building, which is Habitat, and he is a very hard worker
2 and I'm working very hard with him to keep it upright.

3 It's not an easy job. Drugs is one of
4 the things that we have to face. And, it's to the point
5 where they're coming into the building, not caring about
6 who knows and who sees them using the drugs.

7 And so, it's mostly senior, a lot of seniors
8 in my building and we have no place else to go. I'm 73,
9 so I've been in the area almost 40 years, you know, from
10 the service, coming out of the service and getting a
11 little piece of paper from Roosevelt University and
12 retiring from the City of Chicago.

13 So, I'm just holding on, you know, just
14 with a string, hoping that no one comes into bump me
15 out. So, this is why I'm working so hard with my
16 alderman to maintain the status, some type of status
17 that we, as seniors in the building, can withstand.
18 And, I do appreciate the time that you have given me. I
19 won't talk all day.

20 MR. HOLMES: Do you think the improvements
21 that are coming along with the TIF, you have a patch, I
22 don't for the plan. Do you perceive that that will have
23 an impact on the criminal activity and those things that

1 you're concerned about? Because there is,
2 theoretically, it's blighted anyway.

3 MR. SEYMORE: I don't know. We had a meeting
4 just yesterday with, I had it with the manager and we
5 were talking about police enforcement? Can we get the
6 policemen and will they be able to come in with dogs to
7 check? But, it's horrible. It's really horrible.

8 MR. HOLMES: These are residents that are
9 criminals?

10 MR. SEYMORE: Yeah --

11 MR. HOLMES: Or transients that are criminals?

12 MR. SEYMORE: -- mostly, mostly people that's
13 from outside coming in. We have new security and
14 they're doing a very good job, but sometimes that job is
15 not good enough. They come in some kind of way that can
16 overthrow the floor. They start on floors and we had
17 one incident where they barred off the door.

18 People on the floor on top could leave
19 and people on the bottom couldn't go out, you know. So,
20 that was one of the ways of them saying we are in
21 control. But, I'll be damned if that, you know, would
22 that work. It will not work as long as I'm there and
23 the manager that I have there.

1 You know, we're working hard daily, you
2 know, to try to keep it stable, and we need help from
3 the police department. We need help from City Hall. We
4 just need help.

5 MR. HOLMES: Have you talked to your alderman?
6 The alderperson?

7 MR. SEYMORE: Oh, our alderman is on the ball,
8 on the ball, you know. We work together. I work pretty
9 well with him and he realizes the problem because I
10 report it to him.

11 MS. CARROLL: I think you're, you're, if I
12 hear you correctly, you're kind of making a plea for the
13 fact that there are issues of blight in the area and
14 it's, you know, kind of axiomatic by bringing in in
15 investment and other folks that want to build the
16 community that, that it would be a good thing.

17 And, that's really, you know, what this
18 is designed to do, hopefully. But, I think that we have
19 some issues here that, that might not, we might not be
20 able to help you with --

21 MR. SEYMORE: Yeah, yeah, I see what you mean.
22 But, I think any help would be appreciated.

23 MR. HOLMES: But, you do believe, did I hear

1 you say that you do believe the development is a good
2 thing?

3 MR. SEYMORE: Oh, yes.

4 MR. HOLMES: What you see here, the plan as
5 you've been presented?

6 MR. SEYMORE: Yes, super. This is my first
7 time meeting with you all and I'm so pleased to be a
8 part of it and yes, I do think it, that's what we need,
9 that togetherness.

10 MS. CARROLL: Great. All right, then, since,
11 I would just, at this time, like to ask if there are any
12 other questions from the Joint Review Board? Any other
13 questions from the gallery?

14 All right then, if there are no further
15 questions, I will entertain a motion that this Joint
16 Review Board finds that the proposed Near South Tax
17 Increment Financing redevelopment project area Amendment
18 No. 5 satisfied the resultant plan requirements of the
19 TIF Act, the eligibility criteria defined in Section 11-
20 74.4-3 of the TIF Act, and the objectives of the TIF Act
21 and that, based on such findings, approves such proposed
22 plan amendment under the TIF Act. Is there a motion?

23 MS. MAREC: So moved.

1 MR. HOLMES: Second.

2 MS. CARROLL: Okay. Is there any further
3 discussion? If not, all in favor, please vote by saying
4 aye.

5 (Chorus of ayes.)

6 MS. CARROLL: Vote of no.

7 (Pause.)

8 Let the record reflect the Joint Review
9 Board's approval of the proposed Near South Tax
10 Increment Financing redevelopment project area Amendment
11 No. 5 under the TIF Act.

12 And, do I have a motion to adjourn?

13 MR. HOLMES: So moved.

14 MS. MAREC: Second.

15 MR. CARROLL: Okay, and we are adjourned.

16 (Whereupon the meeting adjourned at 11:53
17 a.m.)

18

19

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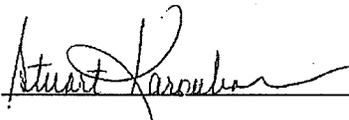
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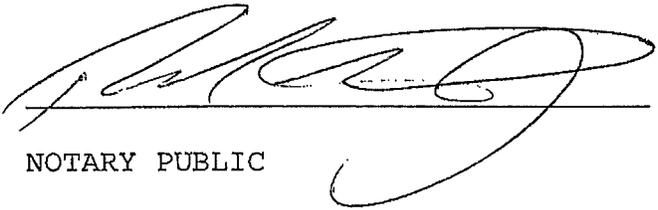
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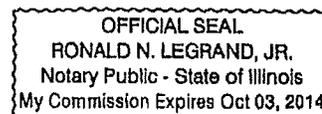
1 STATE OF ILLINOIS)
2) SS.
3 COUNTY OF C O O K)
4

5 I, STUART KAROUBAS, depose and
6 say that I am a direct record court reporter
7 doing business in the State of Illinois; that I reported
8 verbatim the foregoing proceedings and that the
9 foregoing is a true and correct transcript to the best
10 of my knowledge and ability.

11
12 
13 STUART KAROUBAS

14
15 SUBSCRIBED AND SWORN TO
16 BEFORE ME THIS 20th DAY OF
17 JANUARY, A.D. 2011.

18
19 
20 NOTARY PUBLIC



21
22
23

2. NEAR SOUTH TIF REDEVELOPMENT AMENDMENT 5 PROJECT AREA DESCRIPTION

The boundaries of the property to be added pursuant to the Near South TIF Redevelopment Project and Plan have been carefully drawn to include only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements to be undertaken as part of the Near South TIF Redevelopment Plan. The 13 parcels to be added are referred to as the "Near South TIF additional parcels." The additional parcels are generally bounded by W. Harrison Street to the north, S. State Street to the east, W. Polk Street to the south, and S. Plymouth Court and alley to the west. The boundaries of the entire Near South TIF Redevelopment Project Area, including the additional parcels, are more specifically shown in Map 1 (Project Boundary Map), and more particularly described as follows (language of the revised legal description are marked by ***bold italics for added text*** and ~~strikethrough marks for removed text~~):

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

BEGINNING ON THE WEST LINE OF SOUTH MICHIGAN AVENUE, AT THE INTERSECTION OF SAID LINE WITH THE NORTH LINE OF EAST 11TH STREET, AND RUNNING;

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

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

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

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

THENCE WESTWARDLY ALONG SAID LINE WHICH IS 1500 FEET NORTHERLY FROM AND PARALLEL WITH THE NORTHERLY LINE OF SAID 23RD STREET VIADUCT, TO THE WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

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

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

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

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

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

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

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

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

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

AND, INCLUDING THE AREA DESCRIBED AS:

A TRACT OF LAND COMPRISED OF A PART OF EACH OF SECTIONS 15, 16, 21, AND 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS WHICH TRACT OF LAND IS BOUNDED AND DESCRIBED AS FOLLOWS:

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

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

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

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

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

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

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

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

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

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

THENCE SOUTH ALONG SAID NORTHWARD EXTENSION AND ALONG THE WEST LINE OF SOUTH PLYMOUTH COURT TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF LOT 8 IN C.L.&I. HARMON'S SUBDIVISION OF BLOCK 137 OF SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, AFORESAID;

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

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

THENCE WESTWARD ALONG SAID SOUTH LINE OF WEST HARRISON STREET TO THE WEST LINE OF SOUTH PLYMOUTH COURT; THENCE SOUTHWARD ALONG SAID WEST LINE TO THE SOUTH LINE, EXTENDED WEST, OF A EAST-WEST PUBLIC ALLEY, SAID SOUTH LINE ALSO BEING THE NORTH LINE OF LOT 25 IN BLOCK 136 OF SUBDIVISION OF BLOCKS 125 AND 136 OF SCHOOL SECTION ADDITION; THENCE EASTWARD ALONG SAID SOUTH LINE TO THE NORTHEAST CORNER OF SAID LOT 25, SAID CORNER ALSO BEING ON THE WEST LINE OF ANOTHER NORTH-SOUTH PUBLIC ALLEY; THENCE SOUTHWARD ALONG WEST LINE OF SAID NORTH-SOUTH PUBLIC ALLEY TO THE NORTH LINE OF WEST POLK STREET; THENCE EASTWARD ALONG SAID NORTH LINE OF WEST POLK STREET TO THE WEST LINE OF SOUTH STATE STREET; THENCE NORTHWARD ALONG SAID WEST LINE TO THE SOUTH LINE, EXTENDED WEST, OF SUBLot 2 OF LOT 3 IN BLOCK 15 IN CANAL TRUSTEES SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

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

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

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

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

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

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

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

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

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

TENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 25 FEET OF LOT 2 OF THE EAST LINE OF SOUTH WABASH AVENUE (SAID EAST LINE OF SOUTH WABASH AVENUE BEING THE WEST LINE OF BLOCK 27 IN CURLEY'S SUBDIVISION AFORESAID);

TENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO THE NORTH LINE OF THE SOUTH 30 FEET OF LOT 19 IN SAID BLOCK 27;

TENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 30 FEET OF LOT 19 TO THE

CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 12 FEET WIDE, LYING EAST OF AND ADJOINING SAID LOT 19;

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

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID CENTERLINE OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY, AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE WEST LINE OF LOT 5 IN SAID BLOCK 27;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 5 TO THE NORTHWEST CORNER OF LOT 6 IN SAID BLOCK 27;

THENCE EAST ALONG THE NORTH LINE OF LOT 6 IN SAID BLOCK 27 AND ALONG SAID NORTH LINE EXTENDED EAST TO THE EAST LINE OF SOUTH MICHIGAN AVENUE (SAID EAST LINE OF SOUTH MICHIGAN AVENUE BEING ALSO THE WEST LINE OF BLOCK 26 IN SAID CURLEY'S SUBDIVISION);

THENCE SOUTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE TO THE NORTH LINE OF THE SOUTH 25 FEET OF LOT 12 IN SAID BLOCK 26;

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

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

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID LOT 3 AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE EAST LINE OF SOUTH INDIANA AVENUE (SAID EAST LINE OF SOUTH INDIANA AVENUE BEING ALSO THE WEST LINE OF BLOCK 25 IN SAID CURLEY'S SUBDIVISION);

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

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

THENCE SOUTH ALONG SAID EAST LINE TO THE NORTH LINE OF THE

SOUTH 24.8 FEET OF LOT 3 IN SAID BLOCK 25;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2011

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1-2
Management's discussion and analysis	3-5
Statement of net assets and governmental funds balance sheet	6
Statement of activities and governmental funds revenues, expenditures and changes in fund balance	7
Notes to financial statements	8-11
SUPPLEMENTARY INFORMATION	
Schedule of expenditures by statutory code	12

BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

O'HARE PLAZA

8745 WEST HIGGINS ROAD, SUITE 200

CHICAGO, ILLINOIS 60631

AREA CODE 312 263.2700

INDEPENDENT AUDITOR'S REPORT

The Honorable Rahm Emanuel, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying financial statements of the Near South Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Near South Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Near South Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Rahm Emanuel, Mayor
Members of the City Council

- 2 -

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures by statutory code on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the City of Chicago's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


Certified Public Accountants

June 12, 2012

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Near South Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2011. Please read it in conjunction with the Project's financial statements, which follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Project's basic financial statements. The Project's basic financial statements include three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information concerning the Project's expenditures by statutory code.

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Project – the *Government-Wide Financial Statements* and the *Governmental Fund Financial Statements*. These financial statements also include the notes to the financial statements that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the Project's financial status and use accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the project's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Project's net assets and how they have changed. Net assets – the difference between the Project's assets and liabilities – is one way to measure the Project's financial health, or position.

Governmental Fund Financial Statements

The governmental fund financial statements provide more detailed information about the Project's significant funds – not the Project as a whole. Governmental funds focus on: 1) how cash and other financial assets can readily be converted to cash flows and 2) the year-end balances that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more financial resources that can be spent in the near future to finance the Project. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the statements to explain the relationship (or differences) between them.

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements follow the basic financial statements.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents a schedule of expenditures by statutory code. This supplementary information follows the notes to the financial statements.

Condensed Comparative Financial Statements

The condensed comparative financial statements are presented on the following page.

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$73,289,204 for the year. This was an increase of 17 percent over the prior year. The change in net assets (including other financing uses) produced an increase in net assets of \$20,909,175. The Project's net assets increased by 12 percent from the prior year making available \$196,134,260 (net of surplus distribution) of funding to be provided for purposes of future redevelopment in the Project's designated area. Expenses decreased this year due to the Project's formulation of a redevelopment plan or necessary funding was not substantially complete or available.

Debt Administration

Tax Increment Allocation Bonds outstanding at December 31, 2011 amounted to \$28,501,762. More detailed information about the Project's long-term liabilities is presented in Note 2 of the financial statements.

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Concluded)

Government-Wide

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 228,183,145	\$ 215,283,232	\$ 12,899,913	6%
Total liabilities	<u>30,509,885</u>	<u>38,519,147</u>	<u>(8,009,262)</u>	-21%
Total net assets	<u>\$ 197,673,260</u>	<u>\$ 176,764,085</u>	<u>\$ 20,909,175</u>	12%
Total revenues	\$ 73,596,947	\$ 62,957,105	\$ 10,639,842	17%
Total expenses	<u>4,687,772</u>	<u>11,227,780</u>	<u>(6,540,008)</u>	-58%
Other financing uses	<u>48,000,000</u>	<u>-</u>	<u>48,000,000</u>	100%
Changes in net assets	<u>20,909,175</u>	<u>51,729,325</u>	<u>(30,820,150)</u>	-60%
Ending net assets	<u>\$ 197,673,260</u>	<u>\$ 176,764,085</u>	<u>\$ 20,909,175</u>	12%

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2011

<u>ASSETS</u>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 77,783,598	\$ -	\$ 77,783,598
Property taxes receivable	64,185,200	-	64,185,200
Accrued interest receivable	214,347	-	214,347
Due from other City funds	86,000,000	-	86,000,000
Total assets	<u>\$ 228,183,145</u>	<u>\$ -</u>	<u>\$ 228,183,145</u>
<u>LIABILITIES</u>			
Vouchers payable	\$ 894,351	\$ -	\$ 894,351
Due to other City funds	792,955	-	792,955
Accrued interest payable	152,314	-	152,314
Other accrued liability	168,503	-	168,503
Deferred revenue	54,908,992	(54,908,992)	-
Bonds payable (Note 2):			
Due within one year	-	8,400,000	8,400,000
Due after one year	-	20,101,762	20,101,762
Total liabilities	<u>56,917,115</u>	<u>(26,407,230)</u>	<u>30,509,885</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Committed for surplus distribution (Note 3)	1,539,000	(1,539,000)	-
Committed for debt service	27,111,365	(27,111,365)	-
Committed for future redevelopment project costs	142,615,665	(142,615,665)	-
Total fund balance	<u>171,266,030</u>	<u>(171,266,030)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 228,183,145</u>		
Net assets:			
Restricted for surplus distribution (Note 3)		1,539,000	1,539,000
Restricted for debt service		37,831,094	37,831,094
Restricted for future redevelopment project costs		158,303,166	158,303,166
Total net assets		<u>\$ 197,673,260</u>	<u>\$ 197,673,260</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 171,266,030
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	54,908,992
Long-term liabilities applicable to the Project's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities are reported in the statement of net assets.	<u>(28,501,762)</u>
Total net assets - governmental activities	<u>\$ 197,673,260</u>

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

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2011

	Governmental Funds	Adjustments	Statement of Activities
Revenues:			
Property tax	\$ 69,014,434	\$ 4,274,770	\$ 73,289,204
Interest	218,402	-	218,402
Miscellaneous revenue	87,466	-	87,466
Rental revenue	1,875	-	1,875
Total revenues	<u>69,322,177</u>	<u>4,274,770</u>	<u>73,596,947</u>
Expenditures/expenses:			
Economic development projects	3,119,694	-	3,119,694
Debt service:			
Principal retirement	7,990,000	(7,990,000)	-
Interest	1,568,078	-	1,568,078
Total expenditures/expenses	<u>12,677,772</u>	<u>(7,990,000)</u>	<u>4,687,772</u>
Excess of revenues over expenditures	56,644,405	12,264,770	68,909,175
Other financing uses:			
Surplus distribution (Note 3)	<u>(48,000,000)</u>	-	<u>(48,000,000)</u>
Excess of revenues over expenditures and other financing uses	8,644,405	(8,644,405)	-
Change in net assets	-	20,909,175	20,909,175
Fund balance/net assets:			
Beginning of year	<u>162,621,625</u>	<u>14,142,460</u>	<u>176,764,085</u>
End of year	<u>\$ 171,266,030</u>	<u>\$ 26,407,230</u>	<u>\$ 197,673,260</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental funds	\$ 8,644,405
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	4,274,770
Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For governmental activities, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	<u>7,990,000</u>
Change in net assets - governmental activities	<u>\$ 20,909,175</u>

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

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In November 1990, the City of Chicago (City) established the Near South Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the capital project, debt service and special revenue funds of the City.

(b) *Government-Wide and Fund Financial Statements*

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Effective January 2011, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was adopted to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, by eliminating the reserve component in favor of a restricted classification and by clarifying existing governmental fund type definitions. The "committed fund balance" classification is utilized where amounts are constrained to specific purposes by the City itself, using the highest level of decision-making authority or City Council Ordinance.

Previously, GASB Statement No. 34 (as amended) was implemented and included the following presentation:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Project's overall financial position and results of operations.
- Government-wide financial statements prepared using the economic resources measurement focus and the *accrual basis of accounting* for all the Project's activities.
- Fund financial statements, which focus on the Project's governmental funds *current financial resources measurement focus*.

(c) *Measurement Focus, Basis of Accounting and Financial Statements Presentation*

The government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are prepared on the *modified accrual basis of accounting* with only current assets and liabilities included on the balance sheet. Under the *modified accrual basis of accounting*, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Concluded)

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

(d) *Assets, Liabilities and Net Assets*

Cash and Investments

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

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

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Capital Assets

Capital assets are not capitalized in the governmental funds but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City includes the capital assets and related depreciation, if any, of the Project in which ownership of the capital asset will remain with the City (i.e. infrastructure, or municipal building). All other construction will be expensed in both the government-wide financial statements and the governmental funds as the City nor Project will retain the right of ownership.

(e) *Stewardship, Compliance and Accountability*

Illinois Tax Increment Redevelopment Allocation Act Compliance

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

Reimbursements

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection. The semi-annual principal and interest payments are made solely from incremental real property taxes, which are paid in the redevelopment district.

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Bonds Payable

In March 1999, the City issued \$50,000,000 of Near South Tax Increment Allocation Bonds (the "1999 Bonds"), Series 1999A and B (Taxable) in order to advance refund the Series 1994 bonds and provide monies for project costs. The 1999 Bonds are payable serially through November 15, 2013, beginning November 15, 1999. The 1999 Bonds have interest rates between 4.00 percent and 5.65 percent. Net proceeds of \$32,800,000 were used to finance certain project costs in the Near South Redevelopment Project Area (\$27,300,000) and to fund the debt service and related reserve accounts (\$5,500,000). The refunding decreased the City's total debt service payments by \$9,500,000 and provided an economic gain of \$2,300,000. In 2002, the Series 1999B (Taxable) Bonds had fully matured.

In July 2001, the City issued \$46,241,762 of Near South Junior Lien Tax Increment Allocation Bonds (the "2001 Bonds"), Series 2001A and B (Taxable) to provide monies for project costs. The Series 2001A Bonds are payable serially through November 15, 2014, beginning November 15, 2006. The Series 2001A Bonds have interest rates between 4.75 percent and 6.25 percent. Net proceeds of \$44,321,806 were used to finance certain project costs in the Near South Redevelopment Project Area (\$38,830,000) and to fund the debt service and related reserve accounts (\$5,491,806). In 2005, the Series 2001B (Taxable) Bonds had fully matured.

Long-term liability activity for the year ended December 31, 2011 was as follows:

Beginning balance	\$36,491,762
Additions	-
Reductions	<u>(7,990,000)</u>
Ending balance	<u>\$28,501,762</u>
Amounts due within one year	<u>\$ 8,400,000</u>

The aggregate maturities of the bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Series 1999A</u>		<u>Series 2001A</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 3,925,000	\$577,890	\$ 4,475,000	\$ 640,625
2013	8,120,000	381,640	5,775,000	360,938
2014	<u>-</u>	<u>-</u>	<u>6,206,762</u>	<u>7,368,239</u>
Total	<u>\$12,045,000</u>	<u>\$959,530</u>	<u>\$16,456,762</u>	<u>\$8,369,802</u>

Note 3 – Surplus Distribution

In December 2010, the City declared a surplus within the fund balance of the Project in the amount of \$48,000,000. In June 2011, the surplus funds were sent to the Cook County Treasurer's Office to be redistributed to the various taxing agencies.

In December 2011, the City declared a surplus within the fund balance of the Project in the amount of \$1,539,000. In June 2012, the surplus funds were sent to the Cook County Treasurer's Office to be redistributed to the various taxing agencies.

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 4 – Commitments

The City has pledged certain amounts solely from available excess incremental taxes to provide financial assistance to a developer under the terms of a redevelopment agreement for the purpose of paying costs of certain eligible redevelopment project costs.

As of December 31, 2011 the Project has entered into contracts for approximately \$5,933,000 for services and construction projects.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
NEAR SOUTH REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 1,337,974
Costs of property assembly, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land	13,469
Costs of the construction of public works or improvements	1,768,251
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	<u>9,558,078</u>
	<u>\$ 12,677,772</u>

**BANSLEY AND KIENER, L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1922

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INDEPENDENT AUDITOR'S REPORT

The Honorable Rahm Emanuel, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net assets and governmental funds balance sheet of Near South Redevelopment Project of the City of Chicago, Illinois as of December 31, 2011, and the related statement of activities and governmental funds revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated June 21, 2012.

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

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

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

June 21, 2012

INTERGOVERNMENTAL AGREEMENTS
FY 2011

A list of all intergovernmental agreements in effect in FY 2011 to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)]

Name of Agreement	Description of Agreement	Amount Transferred Out	Amount Received
None			

Near South Redevelopment Project Area 2011 Annual Report

