HARLEM INDUSTRIAL PARK
CONSERVATION AREA
TIF REDEVELOPMENT PLAN

City of Chicago, Illinois

Prepared by:
Teska Associates, Inc.
627 Grove St. Evanston IL

December 1, 2006
# TABLE OF CONTENTS

I. INTRODUCTION
   Conservation Area Description ............................................. 1
   Conservation Area History .................................................... 2
   Tax Increment Financing ....................................................... 2
   The Redevelopment Plan ........................................................ 3

II. LEGAL DESCRIPTION OF THE INDUSTRIAL PARK CONSERVATION AREA ....... 5

III. ELIGIBILITY OF THE PROPOSED INDUSTRIAL PARK CONSERVATION AREA .... 8
    Eligibility Findings ............................................................ 9
    Zoning .................................................................................. 9
    Suitability of Land for Industrial Use ....................................... 10
    Labor Surplus Municipality .................................................... 10
    Adequate Access .................................................................... 11
    Equalized Assessed Value as Proportion of Municipality ............... 11
    Required Plan Elements ......................................................... 11
    Within Corporate Limits ......................................................... 12

IV. FINDINGS OF NEED FOR TAX INCREMENT FINANCING ....................... 13
    Conservation Area Not Subject to Growth ................................... 13
    Equalized Assessed Values that Fail to Keep Pace with the City as a Whole 13
    Presence of Blighting Factors .................................................. 13
    Conformance with Land Uses Approved by the Plan Commission of the City 14
    Job Creation ......................................................................... 14
    Date of Completion ................................................................ 14
    Labor Surplus Municipality ..................................................... 14

V. REDEVELOPMENT GOALS, OBJECTIVES AND STRATEGIES .................. 15
    Goals .................................................................................... 15
    Objectives .............................................................................. 15

VI. REDEVELOPMENT PLAN ............................................................ 17
    Purpose of the Redevelopment Plan ........................................... 17
    Future Land Use ...................................................................... 17
    Industrial ................................................................................ 17
    Railroad Right-of-way ............................................................ 17
    Redevelopment Project and Redevelopment Activities .................... 18
    Implementation Schedule ......................................................... 18
    Affirmative Action and Fair Employment Practices ......................... 18
    Marketing Program .................................................................. 19

VII. FINANCIAL PLAN ..................................................................... 21
    Eligible Redevelopment Project Costs ....................................... 21
    Property Assembly .................................................................. 21
    Property Disposition ................................................................ 22
    Rehabilitation of Existing Public or Private Structures .................. 23
    Public Improvements .............................................................. 23
    Capital Costs of Taxing Districts ................................................. 24
LIST OF EXHIBITS

Table 1 Existing Land Uses ......................................................... 2
Table 2 Employment Rates .......................................................... 10
Table 3 History of Equalized Assessed Value ................................. 13
Table 4 Estimated Redevelopment Project Costs ............................ 25
Table 5 Equalized Assessed Value ................................................ 28

Figure A IPCA TIF Boundaries ...................................................... 33
Figure B Zoning Districts ............................................................ 34
Figure C Existing Land Use .......................................................... 35
Figure D Future Land Use ............................................................ 36

APPENDIX

Letter from City Colleges of Chicago ........................................... 37
I. INTRODUCTION

This report documents the Industrial Park Conservation Area Redevelopment Plan and Project (the “Redevelopment Plan”) for the Harlem Industrial Park Conservation Area (the “Conservation Area”). The Redevelopment Plan has been prepared for the use of the City of Chicago (the “City”) by Teska Associates, Inc. The proposed project and plan seek to respond to a number of problems and needs within the Conservation Area, and indicates a strong commitment and desire on the part of the City to improve and revitalize the Conservation Area. This document is intended to provide a framework for improvements within the district over the next 23 years. The goal of the Redevelopment Plan is to stabilize and enhance the existing character of the Conservation Area as a viable industrial site.

In 2005, the City retained the planning consulting firm of Teska Associates, Inc. (“TAI”), along with project team members The Architect’s Enterprise, Ltd. (architects), to assist the City in the development of a redevelopment program for the Conservation Area. TAI and The Architect’s Enterprise, Ltd. performed site evaluation and identified necessary public improvements. TAI also documented the zoning of the Conservation Area, the status of Chicago as a labor surplus municipality, and the deteriorated condition of the Conservation Area. This evidence enabled TAI to conclude that the Conservation Area meets the statutory requirements for an Industrial Park Conservation Area (“IPCA”) and could be designated as a tax increment financing district under the Illinois Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-1, et seq., as amended (the “Law”).

This Redevelopment Plan summarizes the analyses and findings of the consultants’ work, which unless otherwise noted, is the responsibility of TAI. The City is entitled to rely on the findings and conclusions of this Redevelopment Plan in designating the Conservation Area as an IPCA Redevelopment Project Area under the Law. TAI has prepared this Redevelopment Plan with the understanding that the City would rely on: (a) the findings and conclusions of the Redevelopment Plan in proceeding with the designation of the Conservation Area and the adoption and implementation of the Redevelopment Plan; and (b) the fact that TAI has obtained the necessary information so that the Redevelopment Plan will comply with the Law.

Conservation Area Description

The Conservation Area is located at the northeast corner of Harlem Avenue and 63rd Street and is located entirely within the corporate limits of the City. Approximately 51 companies occupying 63 buildings are located within the Conservation Area which is roughly 11 miles southwest of the central business district of the City in the Clearing Community Area. The Conservation Area is bisected from the northeast to the southwest by the rail tracks of the Belt Railway of Chicago. The rail tracks can only be traversed within the Conservation Area at 63rd Street effectively creating two self-contained areas.

The Conservation Area is located within the Harlem Industrial Corridor. This is a designated industrial area in which the City, local businesses, and community interests join together to create business environments in industrial corridors that continue to meet the needs of existing companies, while anticipating and encouraging future development opportunities. The Conservation Area is bounded roughly by 63rd Street on the south, Oak Park Avenue on the east, 59th Street on the north, and Harlem Avenue on the west (see Figure A).
Figure B illustrates the zoning within the Conservation Area. North of the Indiana Belt Railroad, the Conservation Area is zoned M1-1. South of the Indiana Belt Railroad the Conservation Area is zoned PMD 12. The Conservation Area contains 151 acres with approximately 93 acres (61.7%) composed of light industrial and manufacturing uses. Additional significant land uses include roughly 15 acres (10.0%) for railroad use, 20 acres (13.2%) of road right-of-way, and 22 acres (14.7%) of parking/storage areas and/or vacant land uses. Figure C illustrates the existing land use in the Conservation Area, and Table 1 below shows the existing land use by acreage.

<table>
<thead>
<tr>
<th>Table 1: Existing Land Uses</th>
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<tr>
<td></td>
</tr>
<tr>
<td>Industrial</td>
</tr>
<tr>
<td>Parking/Storage/Vacant</td>
</tr>
<tr>
<td>Railroad</td>
</tr>
<tr>
<td>Road Right-of-Way</td>
</tr>
<tr>
<td>Commercial</td>
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<tr>
<td>Utilities</td>
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<tr>
<td>Total</td>
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**Conservation Area History**

The construction of the Belt Railway of Chicago in the late 19th Century sparked the first industrial development within the area. Located one-half mile to the south, the Bedford-Clearing Industrial District attracted additional industrial users to the area seeking additional large acreage sites for expansion. The completion of Midway Airport in 1927 helped to attract additional industrial users to the area and added to the continuing growth of the Harlem Industrial Corridor. According to the City, within the corridor approximately 94% of land uses are industrial, 4% non-industrial, and 2% vacant.

**Tax Increment Financing**

The Law is intended to help overcome the unique challenges to redevelopment of underutilized and vacant industrial sites. Furthermore, the Law is intended to provide resources to retain and expand the industrial economy in Illinois. One tool by which these objectives can be met is tax increment financing ("TIF").

Tax increment financing is permitted in Illinois under the Law. Only areas which meet certain specifications outlined in the Law are eligible to use this financing mechanism. This document has been prepared in accordance with the provisions of the Law and serves as a guide to all proposed public and private actions in the Conservation Area. In addition to describing the redevelopment objectives, the Redevelopment Plan sets forth the overall program to be undertaken to achieve these objectives.

The Law permits municipalities to use TIF to improve eligible industrial park conservation areas ("IPCA"), vacant industrial building conservation areas, or environmentally contaminated areas in accordance with an adopted redevelopment plan over a period not to exceed 23 years. The cost of certain public and private improvements and programs can be paid with the revenues generated by taxes paid on the increased equalized assessed values of taxable real estate within a designated
redevelopment IPCA ("incremental property taxes"). The key to this financing tool is that it allows for public and private capital investments that are repaid by the incremental property taxes attributable to those capital investments. Incremental property taxes are taken from the increase in equalized assessed valuation generated within the designated IPCA during the limited term of the redevelopment project.

The successful implementation of the Redevelopment Plan requires that the City take full advantage of the real estate tax increment attributed to the IPCA as provided for by the Law. The IPCA would not reasonably be developed and improved without the use of such incremental revenues.

Public and private reinvestment is possible only if TIF is used as authorized by the Law. The revenue generated by the development activity will play a major and decisive role in encouraging private development. Through this Redevelopment Plan, the City will serve as a catalyst for assembling the assets and energies of the private sector in a unified, cooperative public-private redevelopment effort. Implementation of the Redevelopment Plan and Redevelopment Project (as defined below) will benefit the City, its residents, and all taxing districts in the form of an expanded tax base and the improvement of the community living, working, and learning environment.

The Redevelopment Plan

The Redevelopment Plan has been formulated in accordance with the provisions of the Law and is intended to guide improvements and activities within the Conservation Area in order to stimulate private investment in the Conservation Area. The goal of the City, through implementation of this Redevelopment Plan, is that the entire Conservation Area be revitalized through a coordinated public and private enterprise effort of reinvestment, rehabilitation, and redevelopment of uses compatible with a strong, stable neighborhood, and that such revitalization occurs:

- On a coordinated, rather than piecemeal basis, to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards; and

- On a reasonable, comprehensive, and integrated basis to ensure that the factors leading to unemployment and underutilization of industrial land are eliminated; and

- Within a reasonable and defined time period so that the Conservation Area may contribute productively to the economic vitality of the City.

This Redevelopment Plan specifically describes the Conservation Area and summarizes the factors which qualify the Conservation Area as an IPCA as defined in the Law.

The success of this redevelopment effort will depend on cooperation between the public and private sectors. By means of public investment, the Conservation Area will become a stable environment for area-wide redevelopment by the private sector. The City will help coordinate the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

This Redevelopment Plan sets forth the overall "Redevelopment Project" to be undertaken to accomplish the City's above-stated goal. During implementation of the Redevelopment Project, the City may, from time to time: (i) undertake or cause to be undertaken public improvements and activities; and (ii) enter into redevelopment agreements or intergovernmental agreements with private entities or public entities, respectively, in order to construct, rehabilitate, renovate or restore private or public
improvements on one or several parcels or to carry out other activities permitted under the Law (collectively referred to as “Redevelopment Projects”).

The use of incremental property taxes will permit the City to direct, implement, and coordinate public improvements and activities to stimulate private investment within the Conservation Area. These improvements, activities, and investments will benefit the City, its residents, and all taxing districts having jurisdiction over the Conservation Area. These benefits are anticipated to include:

- A strengthening of the economic vitality of the community, arising from expanded industrial development with corresponding job creation;

- An increase in construction and long-term employment opportunities for employees of the Conservation Area and residents of the City;

- The replacement of deteriorated improvements and vacant properties with viable, high-quality developments;

- The elimination of numerous physical impediments within the Conservation Area on a coordinated and timely basis so as to minimize costs and promote comprehensive, area-wide redevelopment;

- The construction of public improvements, which may include new road surfaces, utilities, sewers, water lines, sidewalks, street lights, landscaping, etc., intended to make the Conservation Area more attractive to investment;

- The provision of job training services which make the Conservation Area more attractive to investors and employers; and

- The creation of opportunities for women and minority businesses to share in the redevelopment of the Conservation Area.
II. LEGAL DESCRIPTION

THAT PART OF THE SOUTHWEST QUARTER, SOUTHEAST QUARTER AND NORTHWEST QUARTER OF SECTION 18 AND NORTHEAST QUARTER AND NORTHWEST QUARTER OF SECTION 19, TOWNSHIP 38 NORTH, RANGE 13 AND SOUTHEAST QUARTER OF SECTION 13 AND NORTHEAST QUARTER OF SECTION 24 TOWNSHIP 38 NORTH RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT 60 FEET WEST OF THE EAST LINE OF AFORESAID NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 38 NORTH, RANGE 12 AND 60 FEET SOUTH OF THE NORTH LINE OF SAID NORTHEAST QUARTER OF SECTION 24, THENCE NORTHWARD ACROSS WEST 63RD STREET TO A POINT 60 FEET WEST OF EAST LINE OF AFORESAID SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 12 AND 50 FEET NORTH OF SOUTH LINE OF SAID SOUTHEAST QUARTER OF SECTION 13, SAID POINT ALSO BEING ON THE WEST LINE SOUTH HARLEM AVENUE (AS WIDENED); THENCE NORTHWARD ALONG A LINE 60 FEET WEST AND PARALLEL WITH EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 13 TO NORTH LINE OF LOT 197 IN FREDERICK H. BARTLETT'S ARGO PARK SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 18, 1915 AS DOCUMENT NO. 5772916; THENCE WESTWARD ALONG SAID NORTH LINE OF LOT 197 TO A POINT 110 FEET WEST OF THE EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 13; THENCE NORTHEASTERLY TO A POINT ON THE NORTH LINE OF LOT 192 IN SAID FREDERICK H. BARTLETT'S ARGO PARK SUBDIVISION, 80 FEET WEST OF EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 13; THENCE NORTHWARD ACROSS WEST 62ND STREET TO A POINT ON THE SOUTH LINE OF LOT 155 IN SAID FREDERICK H. BARTLETT'S ARGO PARK SUBDIVISION, 70 FEET WEST OF EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 13; THENCE NORTHWARD TO POINT ON THE NORTH LINE OF LOT 148 IN SAID FREDERICK H. BARTLETT'S ARGO PARK SUBDIVISION, 60 FEET WEST OF THE EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 13; THENCE EASTWARD ALONG SAID NORTH LINE OF LOT 148 A DISTANCE OF 10 FEET; THENCE NORTHWARD ALONG A LINE 50 FEET WEST AND PARALLEL WITH THE EAST LINE OF SAID SOUTHEAST QUARTER OF SECTION 13 TO A LINE (EXTENDED WEST) 18 FEET SOUTH AND PARALLEL WITH THE SOUTH LINE OF LOT 6 OF FREDERICK H. BARTLETT'S WEST 59TH STREET SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 17, 1925 AS DOCUMENT 8848471; THENCE EASTWARD ALONG SAID LINE TO THE EAST LINE OF SOUTH SAYRE AVENUE; THENCE NORTHWARD ALONG SAID EAST LINE, 18.00 FEET TO THE NORTH LINE OF INDIAN HARBOR BELT RAILROAD; THENCE EASTWARD ALONG NORTH LINE OF SAID INDIAN HARBOR RAILROAD TO THE WEST LINE OF THE WEST 110 FEET (AS MEASURED ON THE SOUTH LINE) OF THE EAST 218.22 FEET OF THE WEST 418.22 OF THAT PART OF THE WEST HALF OF THE EAST HALF OF THE SAID
SOUTHWEST QUARTER OF SECTION 18; THENCE NORTHWARD ALONG SAID WEST LINE OF WEST 110 FEET TO THE NORTH LINE OF 66 FEET WIDE WEST 59TH STREET; THENCE EASTWARD ALONG NORTH LINE OF SAID WEST 59TH STREET TO THE EAST LINE (EXTENDED NORTH) OF SOUTH NEW ENGLAND AVENUE; THENCE SOUTHWARD ALONG SAID EAST LINE TO THE NORTH LINE OF INDIAN HARBOR BELT RAILROAD; THENCE EASTWARD ALONG SAID NORTH LINE OF INDIAN HARBOR BELT RAILROAD TO THE WEST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF AFORESAID SECTION 13; THENCE SOUTHWARD ALONG SAID WEST LINE TO THE NORTH LINE (EXTENDED WEST) OF LOT 10 OF BLOCK 5 IN FREDERICK H. BARTLETT'S 63RD STREET INDUSTRIAL DISTRICT SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED MAY 19, 1916 AS DOCUMENT 5872331; THENCE EASTWARD ALONG SAID NORTH LINE TO NORTHWEST CORNER (NORTHEAST CORNER OF SAID LOT 10) OF LOT 1 IN MACNUTA RESUBDIVISION OF SAID BLOCK 5; THENCE SOUTHWARD ALONG WEST LINE OF SAID LOT 1 TO THE SOUTHWEST CORNER OF SAID LOT 1; THENCE EASTWARD ALONG SOUTH LINE OF SAID LOT 1 TO THE WEST LINE OF LOT 2 IN MACNUTA RESUBDIVISION; THENCE SOUTHWARD ALONG WEST LINE OF SAID LOT 2 TO THE SOUTHWEST CORNER OF SAID LOT 2; THENCE WESTWARD TO THE NORTHWEST CORNER OF LOT 3 IN SAID BLOCK 5 OF FREDERICK H. BARTLETT'S 63RD ST. INDUSTRIAL DISTRICT; THENCE WESTWARD ACROSS 16 FEET WIDE PUBLIC ALLEY TO THE SOUTHEAST CORNER OF LOT 9 IN SAID BLOCK 5; THENCE WESTWARD ALONG SOUTH LINE OF SAID LOT 9 TO THE EAST OF SOUTH OAK PARK AVENUE; THENCE SOUTHWARD ALONG (EAST LINE OF SOUTH OAK PARK AVENUE) A LINE 33 FEET EAST AND PARALLEL WITH WEST LINE OF THE WEST HALF OF THE SAID SOUTHEAST QUARTER OF SECTION 18 TO THE SOUTH LINE OF 66 FEET WIDE WEST 60TH STREET; THENCE EASTWARD ALONG SOUTH LINE OF SAID WEST 60TH STREET TO THE EAST LINE OF 16 FEET WIDE PUBLIC ALLEY (EAST OF SOUTH OAK PARK AVENUE); THENCE SOUTHWARD ALONG EAST LINE OF SAID PUBLIC ALLEY TO THE NORTH LINE OF WEST 61ST STREET; THENCE WESTWARD ALONG NORTH LINE OF SAID WEST 61ST STREET TO THE EAST LINE OF SOUTH OAK PARK AVENUE; THENCE SOUTHWARD ALONG EAST LINE OF SAID SOUTH OAK PARK AVENUE TO THE NORTH LINE OF LOT 31 IN BLOCK 13 IN AFORESAID FREDERICK H. BARTLETT'S 63RD STREET INDUSTRIAL DISTRICT; THENCE EASTWARD ALONG SAID NORTH LINE OF LOT 31 (EXTENDED EAST) TO THE EAST LINE OF 16 FEET WIDE PUBLIC ALLEY, EAST OF SOUTH OAK PARK AVENUE; THENCE SOUTHWARD ALONG EAST LINE OF SAID 16 FEET WIDE PUBLIC ALLEY TO THE SOUTH LINE (EXTENDED EAST) OF LOT 26 IN BLOCK 20 IN SAID FREDERICK H. BARTLETT'S 63RD STREET INDUSTRIAL DISTRICT; THENCE WESTWARD ALONG SAID SOUTH LINE OF LOT 26 TO THE EAST LINE OF SOUTH OAK PARK AVENUE; THENCE SOUTHWARD ALONG EAST LINE (EXTENDED SOUTH) OF SOUTH OAK PARK AVENUE TO THE SOUTH LINE OF WEST 63RD STREET; THENCE WESTWARD ALONG SOUTH LINE OF SAID WEST 63RD STREET TO THE EAST LINE (EXTENDED SOUTH) OF BURKE'S SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 17, 1980 AS DOCUMENT NO. 25324621

Harlem IPCA Redevelopment Plan
City of Chicago, Illinois
IN AFORESAID EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 18, TOWNSHIP 38 NORTH, RANGE 13; THENCE NORTHWARD ALONG SAID EAST LINE OF BURKE'S SUBDIVISION TO THE NORTHEAST CORNER OF SAID BURKE'S SUBDIVISION; THENCE WESTWARD ALONG NORTH LINE OF SAID BURKE'S SUBDIVISION TO THE NORTHWEST CORNER OF SAID BURKE'S SUBDIVISION; THENCE SOUTHWARD ALONG WEST LINE (EXTENDED SOUTH) OF SAID BURKE'S SUBDIVISION TO THE SOUTH LINE OF WEST 63RD STREET; THENCE WESTWARD ALONG SOUTH LINE OF SAID WEST 63RD STREET TO A LINE (EXTENDED SOUTH) 288.35 FEET WEST AND PARALLEL WITH WEST LINE OF SOUTH SAYRE AVENUE; THENCE NORTHWARD ALONG SAID EXTENDED LINE TO THE SOUTH LINE OF A VACATED ALLEY, NORTH OF WEST 63RD STREET; THENCE EASTWARD ALONG SAID SOUTH LINE OF VACATED ALLEY TO A LINE 285.59 FEET WEST AND PARALLEL WITH SAID SOUTH SAYRE AVENUE; THENCE NORTHWARD ALONG SAID LINE (EXTENDED NORTH) TO THE NORTH LINE OF WEST 62ND PLACE; THENCE WESTWARD ALONG NORTH LINE (EXTENDED WEST) OF SAID WEST 62ND PLACE TO THE NORTHWESTERLY LINE OF SOUTH GULLIKSON ROAD; THENCE SOUTHWESTERLY ALONG NORTHWESTERLY LINE OF SAID SOUTH GULLIKSON ROAD TO THE SOUTH LINE OF THE NORTH HALF OF LOT 1 IN BLOCK 63 IN FREDERICK H. BARTLETT'S CHICAGO HIGHLANDS SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED APRIL 4, 1922 AS DOCUMENT NUMBER 7451463, IN WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 18, TOWNSHIP 38 NORTH, RANGE 13; THENCE WESTWARD ALONG SAID SOUTH LINE OF THE NORTH HALF OF LOT 1 TO THE SOUTHEASTERLY LINE OF 125 FEET WIDE BELT RAILROAD; THENCE SOUTHWESTERLY ALONG SOUTHEASTERLY LINE OF SAID BELT RAILROAD TO THE NORTH LINE OF WEST 63RD STREET, SAID NORTH LINE BEING 60 FEET NORTH OF THE SOUTH LINE OF WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 18, THENCE SOUTHWARD ACROSS WEST 63RD STREET PERPENDICULAR TO SAID NORTH LINE OF WEST 63RD STREET TO THE SOUTH LINE OF SAID WEST 63RD STREET; THENCE WESTWARD ALONG SAID SOUTH LINE OF WEST 63RD STREET TO THE WEST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF AFORESAID SECTION 19, TOWNSHIP 38 NORTH, RANGE 13; THENCE WESTWARD ACROSS SOUTH HARLEM AVENUE TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

LIBERTY SURVEY CO.'S FILE NO. 06-9600
DATE: 4-11-06
REVISED: 05-31-2006
REVISED: 09-20-2006
III. ELIGIBILITY OF THE PROPOSED INDUSTRIAL PARK CONSERVATION AREA

The Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-1, et seq., as amended (the "Law"), stipulates specific procedures which must be adhered to in designating a IPCA. A Redevelopment Project Area is defined as:

"...a contiguous area designated by the municipality that is not less in the aggregate than 1 1/2 acres, and for which the municipality has made a finding that there exist conditions that cause the area to be classified as an industrial park conservation area, a vacant industrial building conservation area, an environmentally contaminated area or a combination of these types of areas." (65 ILCS 5/11-74.6-10(n)).

Section 5/11-74.6-10(e) defines an "industrial park conservation area" ("IPCA") as:

"...an area within the boundaries of a redevelopment project area located within the corporate limits of a municipality or within 1 1/2 miles of the corporate limits of a municipality if the area is to be annexed to the municipality, if the area is zoned as industrial no later than the date on which the municipality by ordinance designates the redevelopment project area, and if the area includes improved or vacant land suitable for use as an industrial park or a research park, or both. To be designated as an Industrial Park Conservation Area, the area shall also satisfy one of the following standards:

(1) Standard One: The municipality must be a labor surplus municipality and the area must be served by adequate public and or road transportation for access by the unemployed and for the movement of goods or materials and the redevelopment project area shall contain no more than 2% of the most recently ascertained equalized assessed value of all taxable real properties within the corporate limits of the municipality after adjustment for all annexations associated with the establishment of the redevelopment project area or be located in the vicinity of a waste disposal site or other waste facility. The project plan shall include a plan for and shall establish a marketing program to attract appropriate businesses to the proposed Industrial Park Conservation Area and shall include an adequate plan for financing and construction of the necessary infrastructure. No redevelopment projects may be authorized by the municipality under Standard One of subsection (e) of this Section unless the project plan also provides for an employment training project that would prepare unemployed workers for work in the Industrial Park Conservation Area, and the project has been approved by official action of or is to be operated by the local community college district, public school district or state or locally designated private industry council or successor agency, or

(2) Standard Two: The municipality must be a substantial labor surplus municipality and the area must be served by adequate public and or road transportation for access by the unemployed and for the movement of goods or materials and the redevelopment project area shall contain no more than 2% of the most recently ascertained equalized assessed value of all taxable real properties within the corporate limits of the municipality after adjustment for all annexations associated with the establishment of the redevelopment project area. No redevelopment projects may be authorized by the municipality under Standard Two of subsection (e) of this Section unless the project plan also provides for an employment training project that would prepare unemployed workers for work in the Industrial Park Conservation Area, and the project has been approved by official action of or is to be operated by the local community college district, public school district or state or locally designated private industry council or successor agency."
Determination of eligibility of the Harlem Industrial Park Conservation Area (the "Conservation Area") for designation as an IPCA is based on a comparison of data gathered through field observation, document and archival research, and information provided by Cook County and the City against the eligibility criteria set forth in the Law. The eligibility criteria identified as part of the Law are the bases for the evaluation.

Teska Associates, Inc. has prepared this report with the understanding that the City would rely on: (i) the findings and conclusions of this report in proceeding with the designation of the Conservation Area as a IPCA under the Law; and (ii) the fact TAI has obtained the necessary information to conclude that the Conservation Area can be designated as an IPCA as defined by the Law.

The Conservation Area is suitable for designation as an IPCA based on the zoning and suitability for industrial use, and the satisfaction of Standard One of the requirements for an IPCA.

Eligibility Findings

From January 2006 to March 2006, TAI collected information from the City of Chicago Department of Planning and Development, the United States Department of Labor Bureau of Labor Statistics, and the Cook County Assessor's Office, regarding the history and zoning of the site, employment rates, and equalized assessed values. In addition, a field survey was conducted to record the condition of the subject parcels. Photographs further document the observed conditions. The Conservation Area was found eligible based upon the criteria contained in Standard One as detailed below.

Zoning

To be eligible for designation as an IPCA, the Conservation Area must be zoned as industrial no later than the date on which the municipality designates the IPCA redevelopment project area. One hundred percent (100%) of the Conservation Area is currently zoned PMD 12 or M1-1, industrial zoning classifications in the City of Chicago.

Suitability of Land for Industrial Use

According to the Law, an eligible IPCA must include improved or vacant land suitable for use as an industrial park or a research park, or both. An industrial park is defined as:

"...an area in a redevelopment project area suitable for use by any manufacturing, industrial, research, or transportation enterprise, of facilities, including but not limited to factories, mills, processing plants, assembly plants, packing plants, fabricating plants, distribution centers, warehouses, repair overhaul or service facilities, freight terminals, research facilities, test facilities or railroad facilities. An industrial park may contain space for commercial and other use as long as the expected principal use of the park is industrial and is reasonably expected to result in the creation of a significant number of new permanent full time jobs. An industrial park may also contain related operations and facilities including, but not limited to, business and office support services such as centralized computers, telecommunications, publishing, accounting, photocopying and similar activities and employee services such as child care, health care, food service and similar activities. An industrial park may also include demonstration projects, prototype development, specialized training on developing technology, and pure research in any field related or adaptable to business and industry." (65 ILCS 5/11-74.6-10(c)).
The Conservation Area consists of 147 tax parcels, zoned and improved for industrial purposes, and is suitable for use by industrial establishments. The Conservation Area has excellent regional vehicular access via Harlem Avenue and 63rd Street and rail accessibility via the Belt Railway of Chicago, allowing for the efficient distribution of inputs and finished products, and accessibility to employees.

**Labor Surplus Municipality**

To be eligible for designation under Standard One of the IPCA requirements, the Conservation Area must be located in a labor surplus municipality. A labor surplus municipality is defined as:

"...a municipality in which, during the 4 calendar years immediately preceding the date the municipality by ordinance designates an industrial park conservation area, the average unemployment rate was 1% or more over the State average unemployment rate for that same period of time as published in the United States Department of Labor Bureau of Labor Statistics publication entitled "The Employment Situation" or its successor publication. For the purpose of this subsection (g), if unemployment rate statistics for the municipality are not available, the unemployment rate in the municipality shall be deemed to be: (i) for a municipality that is not in an urban county, the same as the unemployment rate in the principal county where the municipality is located or (ii) for a municipality in an urban county at that municipality's option, either the unemployment rate certified for the municipality by the Department of Commerce and Community Affairs after consultation with the Illinois Department of Labor or the federal Bureau of Labor Statistics, or the unemployment rate of the municipality as determined by the most recent federal census if that census was not dated more than 5 years prior to the date on which the determination is made" (65 ILCS 5/11-74.6-10(g)).

According to information collected from the Bureau of Labor Statistics, for the years 2002 to 2005 inclusive, the unemployment rate in the City exceeded that of the State of Illinois by more than 1%. Table 2 illustrates the corresponding rates:

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<th>Unemployment Rates in Chicago and the State of Illinois (Percent)</th>
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<tr>
<td></td>
<td>2002</td>
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<tr>
<td>Chicago</td>
<td>8.2</td>
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<tr>
<td>Illinois</td>
<td>6.5</td>
</tr>
<tr>
<td>Difference</td>
<td>1.7</td>
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Over the previous four years, the average unemployment rate in the City was 1.3% higher than the average unemployment rate in the State of Illinois. These average unemployment rates indicate that the City is a labor surplus municipality, as there has been a persistently higher percentage of workers who are unemployed in the City as compared to the state.
Adequate Access

The Law stipulates that an eligible IPCA must be served by adequate public and or road transportation for access by the unemployed and for the movement of goods or materials.

To serve potential employees, numerous forms of public transportation are available in the vicinity of the Conservation Area. There are several Chicago Transit Authority and PACE bus routes which serve the vicinity of the Conservation Area providing access to area residential neighborhoods and also providing connections to the Chicago Transit Authority’s rapid transit elevated train lines. CTA buses serving the Conservation Area include the #63W West 63rd and the #62H Archer/Harlem routes. PACE buses servicing the Conservation Area include #307, #386, and the #831. These bus lines operate on a regular day-time bus schedule. The Summit stop on the Metra Heritage Corridor commuter rail is located approximately one mile north of the Conservation Area and provides regional access between Union Station in Chicago and the City of Joliet to the southwest.

Surface transportation is also readily available to serve new employees, and to move goods or materials. Automobile, truck and train routes ensure that the Conservation Area is well connected to the City and the nation. Harlem Avenue is a designated State Route and 63rd Street is a major east-west route. The Stevenson Expressway (I-55) is located approximately 1 mile to the north, and the Tri-State Tollway (I-294) is approximately 4.5 miles to the southeast. The Indiana Belt Railroad runs along the northern side of the Conservation Area and the Belt Railway of Chicago runs through the Conservation Area and includes an additional rail spur through the site.

The accessibility provided by all of these routes ensures that the movement of goods or materials can be accomplished from the Conservation Area, and that new employees can easily access new jobs.

Equalized Assessed Value as Proportion of Municipality

In order to be eligible for designation as an IPCA, the Conservation Area must not contain more than 2% of the most recently ascertained equalized assessed value of all taxable real properties within the corporate limits of the municipality.

The equalized assessed value of the Conservation Area was $46,611,901 in 2005, the most recent year for which data is available. This represents 0.08% of the total equalized assessed value of the City of Chicago, which was $59,304,530,189 in 2005.

Required Plan Elements

In order to be eligible for designation as an IPCA under the requirements of Standard One, the Redevelopment Plan must contain a plan for and shall establish a marketing program to attract appropriate businesses and an adequate plan for financing and construction of the necessary infrastructure. Further, the Redevelopment Plan must provide for an employment training project that will prepare unemployed workers for work in the Conservation Area. The marketing plan and employment training elements are described in detail on page 20, in Section VI (Redevelopment Plan), and on page 25, in Section VII (Financial Plan), respectively. The plan for financing and construction of necessary infrastructure is described in Section VII (Financial Plan).
Within Corporate Limits

The entire Conservation Area is within the corporate limits of the City of Chicago.
IV. FINDINGS OF NEED FOR TAX INCREMENT FINANCING

Under the Law, TAI makes the following findings:

Conservation Area Not Subject to Growth

Although the City as a whole has evidenced growth, the Conservation Area has not been subject to appropriate growth and redevelopment through investment by private enterprise, and would not reasonably be anticipated to be developed in accordance with public goals stated in the Redevelopment Plan without the adoption of the Redevelopment Plan. The lack of growth is shown by the following factors:

Equalized Assessed Values that Fail to Keep Pace with the City as a Whole

Consistent with the analysis of other Tax Increment Financing project areas, the EAV of the Conservation Area is compared to the balance of the City as a whole. Typically, a lack of adequate growth and development can be demonstrated if the total equalized assessed value of the proposed redevelopment Conservation Area has declined for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available. As Table 3 indicates, the growth and development of the Conservation Area lagged behind the surrounding City as a whole in 2001, 2002, 2003, and 2005. Relative to the surroundings, the Conservation Area has not experienced appropriate growth in the tax base.

<table>
<thead>
<tr>
<th>Table 3 History of Equalized Assessed Value</th>
</tr>
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<tbody>
<tr>
<td>$46,611,901</td>
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Percent Change in EAV from Prior Year in Conservation Area

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>6.51%</td>
<td>4.54%</td>
<td>6.06%</td>
<td>6.47%</td>
<td>0.77%</td>
<td>1.73%</td>
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</tr>
</tbody>
</table>

Equalized Assessed Value of City of Chicago (Excluding Conservation Area)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>$59,257,918,288</td>
<td>$55,233,332,842</td>
<td>$53,133,503,653</td>
<td>$45,298,294,219</td>
<td>$41,951,790,064</td>
<td>$40,450,341,078</td>
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</table>

Percent Change in City EAV from Prior Year

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<thead>
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</thead>
<tbody>
<tr>
<td>7.29%</td>
<td>3.95%</td>
<td>17.30%</td>
<td>7.98%</td>
<td>3.71%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Growth less than City?

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</thead>
<tbody>
<tr>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>
Presence of Blighting Factors

A site survey of the Conservation Area was conducted to review the existing conditions of the buildings and site improvements. This site survey determined that the majority of the buildings in the Conservation Area are greater than 35 years of age. The age of a building increases the likelihood of deterioration from wear and tear, and obsolescence due to a mismatch with modern building standards. Twenty-five of the 63 buildings (39.6%) are currently deteriorated, based on evidence such as broken windows and deteriorated brickwork and wall structures. Fifty-eight of the 147 parcels (39.5%) contain deteriorated site improvements, such as surface cracking, crumbling, potholes, depressions, loose paving material or unpaved areas, and weeds protruding through paved surfaces.

In sum, the existing conditions within the Conservation Area, as described above, indicate a presence of typical blighting factors. If such factors are not addressed they tend to worsen and spread, which may lead to further declines in property tax values.

Conformance with Land Uses Approved by the Plan Commission of the City

The Redevelopment Plan and Project described herein includes land uses which were approved by the Plan Commission of the City of Chicago. The land uses anticipated in the Future Land Use Plan (Figure D) are consistent with the current PMD 12 and M1-1 zoning of the Conservation Area.

Job Creation

The Redevelopment Plan is reasonably expected to create 35 new, permanent full time jobs. This figure is based on information provided by the City of Chicago Department of Planning. This is a significant number of new jobs, which will bring substantial benefit to residents of the City as well as other local businesses.

Date of Completion

The estimated year of completion of a Redevelopment Project under no circumstances shall extend beyond December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.6-35 of the Law is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving the redevelopment IPCA is adopted (assuming the ordinance is adopted in 2007, December 31, 2031).

Labor Surplus Municipality

As described in Section III (Eligibility of the Proposed Industrial Park Conservation Area) the City of Chicago qualifies as a Labor Surplus Municipality. Over the previous four years, the average unemployment rate in the City of Chicago was 1.3% higher than that of the State of Illinois. As described above, the Redevelopment Plan is expected to create a significant number of permanent full time new jobs, and by the provision of new facilities will significantly enhance the tax base of the taxing districts that have jurisdiction over the Conservation Area.
V. REDEVELOPMENT GOALS, OBJECTIVES, AND STRATEGIES

In order to establish a workable Redevelopment Plan for the Conservation Area, it is important to establish both the general, overall goals and specific objectives of the Redevelopment Plan.

Goals

The overall goals which are specifically directed to this Redevelopment Plan are:

- Reduction or elimination of those conditions which inhibit investment in the Conservation Area;
- Provision of sound economic development in the Conservation Area;
- Contribution to the economic well being of the City;
- Creation of strong public and private partnerships to capitalize upon and coordinate all available resources and assets;
- Encouragement of land uses which strengthen the function and appeal of the Conservation Area for predominantly industrial, non-residential activities;
- Improvement of the quality of life in the City by reducing incidences of both physical and economic deterioration and obsolescence within the Conservation Area;
- Improvement of existing infrastructure, particularly railway improvements, to enhance the potential for development and accessibility of redevelopment sites;
- Employment of residents surrounding the Conservation Area by the creation of jobs in the Conservation Area; and
- Creation of an environment within the Conservation Area that will contribute to the health, safety, and general welfare of the City that will maintain or enhance the value of properties adjacent to the Conservation Area, and that will stimulate private investment in new construction, expansion, and rehabilitation.

Objectives

- Provide sites which are conducive to industrial development, through activities such as demolition, rehabilitation, etc;
- Encourage the use and maintenance of the industrial land;
- Upgrade infrastructure throughout the Conservation Area;
- Undertake appropriate environmental remediation measures on development sites, according to customary procedures;
- Ensure a sensitive transition between adjacent residential areas and non-residential developments in the Conservation Area, in order to minimize conflicts between different land uses;

- Support job training programs to provide residents living in areas surrounding the Conservation Area with the skills necessary to secure jobs within the Conservation Area;

- Repair and replace the infrastructure where needed, including, but not limited to: roads, sidewalks, public utilities, and other public infrastructure;

- Study existing and future traffic conditions on arterial and neighborhood side streets and, improve traffic flow, safety and convenience through roadway and railway improvements, and other measures as may be necessary; and

- Promote women- and minority-owned businesses and affirmative action programs, as detailed in Section VI.
VI. REDEVELOPMENT PLAN

This section describes the public and private improvements and activities anticipated to be made and undertaken to implement the Redevelopment Plan.

Under the provisions of the Law at 65 ILCS 5/11-74.6-10(p), municipalities may designate a Redevelopment Planning Area which contain multiple Redevelopment Project Areas. However, the Harlem Industrial Park Conservation Area is structured as one Redevelopment Planning Area with an identical Redevelopment Project Area designated within it.

Purpose of the Redevelopment Plan

The Law defines the Redevelopment Plan as: "...the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate the conditions that qualified the redevelopment project area as an environmentally contaminated area or industrial park conservation area, or vacant industrial buildings conservation area, or combination thereof, and thereby to enhance the tax bases of the taxing districts that extend into the redevelopment IPCA" (65 ILCS 5/11-74.6-10(l), as amended).

Further, the Law states that, "It is hereby found and declared, that in order to promote and protect the health, safety, morals, and welfare of the public, redevelopment of these areas must be undertaken. To reverse these adverse economic conditions, it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in these areas by the development or redevelopment of Project Areas. The reversal of these adverse economic conditions and the elimination of the negative impact they have on communities through industrial redevelopment projects, and the retention and expansion of the economic bases of Illinois communities is hereby declared to be essential to the public interest" (65 ILCS 5/11-74.6-5(c), as amended).

The Future Land Use Plan in Figure D illustrates proposed land uses for the Conservation Area. Ultimately, the Redevelopment Plan should help to better integrate the Conservation Area with adjacent uses, becoming an asset to the community and stemming the growth of decay.

Future Land Use

The following land uses are designated for the Conservation Area:

Industrial

As stated in this Redevelopment Plan, the intent of the IPCA designation is to protect and enhance the industrial uses within the Conservation Area. As a result the predominant future land use within the Conservation Area is designated as industrial. Industrial uses would primarily consist of manufacturing, but may also include warehousing and distribution, high tech industry, research and development firms, office and back office facilities, and packaging firms. Such industry can take advantage of the existing transportation links and the availability of vacant structures and land areas. Parking and storage are consistent with the Industrial use classification. A necessary component of any new development is landscape or other buffering, to screen industrial uses from neighboring residential, commercial, and industrial uses.
Railroad Right-of-Way

The availability of direct access to transportation by rail is a significant and attractive amenity for the Conservation Area. The existing land area utilized by railroad tracks is designated for future land use as railroad right-of-way to insure the Conservation Area is afforded direct and convenient rail access. By planning for continued rail access within the area, future private investment can be assured that such an amenity will remain for both the short and long term.

Redevelopment Projects and Redevelopment Activities

The redevelopment of the Conservation Area will be driven by the private reinvestment induced through public assistance and support. The two primary means of redevelopment within the Conservation Area will consist of either new investment in vacant structures or property by outside private developers or reinvestment in the Conservation Area by current business owners. Based on the level of new investment proposed by outside private developers and the corresponding increase in tax increment, redevelopment activities may consist of the acquisition, demolition, site preparation, and/or rehabilitation of vacant structures in addition to the improvement of existing public infrastructure. Vacant structures and lots located along New England Avenue currently provide the best opportunities for attracting such new investment by developers outside of the Conservation Area.

For business owners located within the Conservation Area, redevelopment projects will also be based on the level of re-investment proposed and the corresponding increase in tax increment generated. Redevelopment activities that may supplement private re-investment may include acquisition of property for expansion, site preparation, and/or rehabilitation of existing structures. Improvement to existing public infrastructure that will encourage an appropriate level of private re-investment may also be included as part of the redevelopment activities. In the absence of assistance from the City as provided by the Redevelopment Plan, the private sector cannot pursue this opportunity.

Implementation Schedule

In general, a phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Conservation Area. It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of incremental property taxes by the City. The estimated date for completion of Redevelopment Projects is described under the heading "Date of Completion" in Section IV above.

Affirmative Action and Fair Employment Practices

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

1) The assurance of equal opportunity in all personnel and employment actions with respect to the redevelopment projects, including, but not limited to: hiring, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, marital status, age, handicapped status, national origin, creed, ancestry, or source of income.
2) Redevelopers will meet City of Chicago standards for participation of 24% Minority Business Enterprises and 4% Woman Business Enterprises, the City Resident Construction Worker Employment Requirement, and the prevailing wage requirements as required in redevelopment agreements.

3) This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for job openings and promotional opportunities.

4) Redevelopers will meet City standards for the prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

With respect to the public/private development's internal operations, all entities will pursue employment practices which provide equal opportunity to all people regardless of race, color, religion, sex, parental status, marital status, age, handicapped status, national origin, creed, ancestry, sexual orientation, military discharge status, source of income, or housing status. Neither party will countenance discrimination against any employee or applicant because of race, color, religion, sex, parental status, marital status, age, handicapped status, national origin, creed, ancestry, sexual orientation, military discharge status, source of income, or housing status. These nondiscriminatory practices will apply to all areas of employment, including hiring, upgrading and promotions, terminations, compensation, benefit programs and educational opportunities.

Anyone involved with employment or contracting activities for this Redevelopment Plan will be responsible for conformance with this policy and the compliance requirements of applicable city, state, and federal laws and regulations.

The City and the private developers involved in the implementation of the Redevelopment Plan and Project will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level for the project being undertaken in the Conservation Area. Any public/private partnership established for a redevelopment project in the Conservation Area will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites and facilities at which employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals. The partnership will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner.

The City shall have the right, in its sole discretion, to exempt certain small business, building owners, and developers from items 1, 2, 3, and 4 above.

Marketing Program

The marketing program for the Conservation Area will include the following:
Market Analysis and Detailed Program: A detailed market analysis will be prepared for the Conservation Area which will identify the types of manufacturing, research and development, distribution and warehouse users that are appropriate to the site. This analysis will identify the industrial classification of such users and provide the basis for identifying specific firms as appropriate. The more specific physical requirements of such firms would be researched and a detailed development program of users and user requirements prepared.

Master Plan: A detailed master plan incorporating the development requirements will be prepared. This plan will include street layouts, widths, parcel size, landscaping, buffering, entrance treatments, coordination with environmental remediation, design and coordination with infrastructure improvements, and phasing.

Marketing Management: A marketing manager will be selected to coordinate and implement the overall marketing of the Conservation Area, including such activities as establishing target market program lists, establishing cooperative relationships with brokers and property owners, creating and implementing advertising and public relations programs, conducting calling programs to target businesses, and similar activities based on the market analysis and master plan.
VII. FINANCIAL PLAN

This section defines and presents the estimated eligible redevelopment costs and the funding sources to support such costs.

Eligible Redevelopment Project Costs

The City may incur, or reimburse a private developer or redeveloper for incurring, redevelopment project costs. Redevelopment project costs include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to the Redevelopment Plan and Redevelopment Project. Such costs may include, without limitation, the following:

- Costs of studies, surveys, development of plans, and specifications, implementation and administration of the redevelopment plan, including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning, or other services, but no charges for professional services may be based on a percentage of the tax increment collected. No contracts for professional services shall extend beyond 3 years. No redevelopment project costs shall include lobbying expenses;

- The cost of marketing sites within the Conservation Area to prospective businesses, developers, and investors;

- Property assembly costs within the Conservation Area, including but not limited to acquisition of land and other real or personal property or rights or interests therein;

- Site preparation costs, including but not limited to clearance of any area within the Conservation Area by demolition or removal of any existing buildings, structures, fixtures, utilities and improvements and clearing and grading; and including installation, repair, construction, reconstruction, or relocation of public streets, public utilities, and other public site improvements within or without a redevelopment project area which are essential to the preparation of the Conservation Area for use in accordance with a redevelopment plan;

- Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of any existing public or private buildings, improvements, and fixtures within the Conservation Area; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;

- Costs of construction of public improvements, including but not limited to, buildings, structures, works, utilities or fixtures;

- Costs of eliminating or removing contaminants and other impediments required by federal or State environmental laws, rules, regulations, and guidelines, orders or other requirements or those imposed by private lending institutions as a condition for approval of their financial support, debt or equity, for the redevelopment projects;

- 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 under
this Law including interest accruing during the estimated period of construction of any redevelopment project for which the obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related to those costs;

- All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the City by written agreement accepts and approves those costs;

- Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or State law;

- Payments in lieu of taxes;

- 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, if those costs are: (i) related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Conservation Area; and (ii) are incurred by a taxing district or taxing districts other than the municipality and are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. These costs include, specifically, the payment by community college districts of costs under Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs under Sections 10-22.20a and 10-23.3a of the School Code; and

- The interest costs incurred by redevelopers or other nongovernmental persons in connection with a redevelopment project, and specifically including payments to redevelopers or other nongovernmental persons as reimbursement for such costs incurred by such redeveloper or other nongovernmental person, as provided by the Law.

**Property Assembly**

To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Conservation Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program and may be for the purpose of (a) sale, lease, or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties.

As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and development. Such uses may include, but are not limited to, project office facilities, parking, or other uses the City may deem appropriate.
In connection with the City exercising its power to acquire real property not currently identified herein, including the exercise of the power of eminent domain, under the Law in implementing the Redevelopment Plan, the City will follow its customary procedures of having each site acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

**Property Disposition**

Property to be acquired by the City in furtherance of the goals of this Redevelopment Plan may be assembled into appropriate redevelopment sites. As part of the redevelopment process the City may: (i) sell, lease or convey such property for private redevelopment; or (ii) sell, lease or dedicate such property for construction of public improvements or facilities. Terms of conveyance shall be incorporated into appropriate disposition agreements, and may include more specific restrictions than contained in the Redevelopment Plan or in other municipal codes and ordinances governing the use of land or the construction of improvements.

**Rehabilitation of Existing Public or Private Structures**

The City may provide assistance to encourage rehabilitation of existing public or private structures which will remove conditions which contribute to the decline of the character and value of the Conservation Area. Appropriate assistance may include, but is not limited to:

- Financial support to private property owners for the restoration and enhancement of existing structures within the Conservation Area; and

- Improvements to the facade or rehabilitation of public or private buildings.

**Public Improvements**

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

- Vacation, removal, resurfacing, widening, reconstruction, construction, and other improvements to streets, alleys, pedestrian ways, and pathways;

- Installation of traffic improvements, viaduct improvements, street lighting and other safety and accessibility improvements;

- Development of parks, playgrounds, plazas, and places for public leisure and recreation;

- Construction of public off-street parking facilities;

- Installation, reconstruction, improvement or burial of public or private utilities;

- Construction of public buildings;
- Beautification, lighting and signage of public properties;
- Maintenance of blighted rights in privately owned properties;
- Demolition of obsolete or hazardous structures; and
- Improvements to publicly owned land or buildings to be sold or leased.

There are currently no public improvements currently planned for the Conservation Area by the City. All improvements are anticipated to be undertaken by the public sector. However, the City may add new improvements to the list at a later date.

**Capital Costs of Taxing Districts**

The City may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan.

**Employment Training**

Given the various types of existing industrial businesses located within the Conservation Area and the potential for an increased variety of industrial users which may relocate into the Conservation Area, the necessary skills for future employment within the Conservation Area will be based on the proposed uses by outside private developers and existing Conservation Area business owners. Necessary skills may include training in job readiness, manufacturing support skills, general management, computer applications, marketing, and other industrial-related skills and will occur in a training partnership and program between the private developers and the local community college district or other qualified training partner.

As redevelopment projects are proposed, the employment training component of this Redevelopment Plan will involve working with the Mayor’s Office of Workforce Development (“MOWD”) to identify instructors who have the skillsets that will be necessary for employment within the businesses created by the proposed redevelopment projects. The identified instructors will be given the opportunity to lead the necessary training sessions to develop potential employees for the proposed redevelopment project. Private developers and businesses proposing reinvestment will establish the necessary training sessions which will result in creating a pool of potential employees for any proposed redevelopment project.

In addition, MOWD can provide recruitment and referral of area residents as potential employees through numerous existing programs. These programs will enable participants to gain employment within the proposed IPCA, or elsewhere in the regional economy in fields previously unattainable because of skills mismatch or under-qualification.

As part of the redevelopment agreements entered into between the City and any businesses within the Conservation Area that may receive assistance under the Law, these businesses will be required to participate in available employment training and retraining programs. These programs will include requirements of these businesses to interview a certain required minimum number of employees from the local area population that participate in various employment training and retraining programs. The businesses may also enter into agreements with the City to establish mentoring and apprenticeship
programs coordinated through the MOWD or other training providers in conjunction with the redevelopment of the Conservation Area.

Local area construction contractor lists will be made available to private developers and businesses reinvesting in the Conservation Area. These parties will be strongly encouraged to take advantage of area contractors in the construction of redevelopment projects within the Conservation Area. The opportunity for these construction trade contractors to participate in the redevelopment of the Conservation Area will assist them in increasing their individual capacity to handle broader projects.

**Developer Interest Costs**

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation, or rehabilitation of a redevelopment project, provided that:

- such costs are to be paid directly from the special tax allocation fund established pursuant to the Law;
- such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year.

**Estimated Project Costs**

Table 4 outlines the estimated costs of the Redevelopment Project.

<table>
<thead>
<tr>
<th>Estimated Redevelopment Project Costs</th>
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</thead>
<tbody>
<tr>
<td>Professional Services and Studies</td>
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</tr>
<tr>
<td>Site Assembly/Preparation/Demolition</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Renovation, Rehabilitation, Reconstruction, Relocation, Repair or Remodeling of Existing Public or Private Buildings, Improvements, and Fixtures</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Public Works or Improvements (1)</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Environmental Remediation</td>
<td>$500,000</td>
</tr>
<tr>
<td>Job Training, Retraining, Welfare-to-Work</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Developer Interest Costs</td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>Total Redevelopment Project Costs (2) (3)</strong></td>
<td><strong>$13,000,000</strong> (4)</td>
</tr>
</tbody>
</table>

Notes:

1. Public improvements may also include capital costs of taxing districts and other costs allowable under the Law. Specifically, public improvements as identified in the Redevelopment Plan and as allowable under the Law may be made to property and facilities owned or operated by the City or other public entities. As provided in the Law, Redevelopment Project Costs may include, to the extent the City by written agreement accepts and approves the same, all or a portion of a taxing
district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.

2. The total Estimated Redevelopment Project Costs provides an upper limit on expenditures, and adjustments may be made in line items without amendment to this Redevelopment Plan.

3. Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs. Total Redevelopment Project Costs are inclusive of redevelopment project costs in contiguous project areas or those separated by only a public right-of-way that are permitted under the Law to be paid from incremental property taxes generated in the Conservation Area, but do not include redevelopment project costs incurred in the Conservation Area which are paid from incremental property taxes generated in contiguous project areas or those separated only by a public right-of-way. The amount of revenue from the Conservation Area made available to support such contiguous project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Conservation Area, shall not at any time exceed the Total Redevelopment Project Costs described in the Redevelopment Plan.

4. Increases in estimated Total Redevelopment Project Costs of more than five percent after adjustment for inflation from the date of the Redevelopment Plan adoption, are subject to the plan amendment procedures as provided in the Law.

Sources of Funds

The Law provides methods by which municipalities can finance eligible redevelopment project costs with incremental real estate tax revenues. Incremental tax revenue is derived from the increase in the current equalized assessed valuation (EAV) of real property within the Conservation Area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate, resulting in incremental tax revenue.

Funds necessary to pay Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from incremental tax revenue. There may be other local sources of revenue to pay for Redevelopment Project Costs or secure municipal obligations, including land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds that the City determines are appropriate. The City may incur Redevelopment Project Costs which are paid from funds of the City other than incremental taxes, and the City may be then reimbursed for such costs from incremental taxes.

The Conservation Area is not currently contiguous to any redevelopment IPCAs created under the Law or redevelopment project areas created under the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended ("the Act"). However, the Conservation Area may, in the future, be contiguous to, or separated only by a public right-of-way from, other redevelopment IPCAs created under the Law. The City may utilize net incremental property taxes received from the Conservation Area to pay eligible Redevelopment Project Costs, or obligations issued to pay such costs, in other contiguous IPCAs or other IPCAs separated only by a public right-of-way, and visa versa.

Harlem IPCA Redevelopment Plan
City of Chicago, Illinois
December 1, 2006
Page 26
The Conservation Area may also become contiguous to, or be separated only by a public right-of-way from, redevelopment project areas created under the Act. If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the Conservation Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Conservation Area be made available to support any such redevelopment project areas, and vice versa. The City therefore proposes to utilize net incremental revenues received from the Conservation Area to pay eligible redevelopment project costs (which are eligible under the Act) in any such areas, and vice versa. Such revenues may be transferred or loaned between such areas. The amount of revenue from the Conservation Area so made available, when added to all amounts used to pay eligible redevelopment project costs within the Conservation Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Table 4 of this Redevelopment Plan.

In the event that adequate funds are not available as anticipated from aforementioned sources, the City may utilize its taxing power to sustain the Redevelopment Project or repay obligations issued in connection therewith, to be reimbursed over time, if possible, from tax increment revenues.

**Nature and Term of Obligations to be Issued**

Under the Law, the City may issue tax increment revenue obligation bonds and other obligations secured by incremental property taxes generated in the Conservation Area pursuant to the Law for a term not to exceed twenty years. All such obligations shall be retired no later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 11-74.6-35 of the Law is to be made with respect to ad valorem taxes levied in the twenty-third calendar year after the year in which the ordinance approving this IPCA is adopted (assuming the ordinance is adopted in 2007, by December 31, 2031). The City may also issue general obligation bonds.

All obligations may be secured after issuance by projected and actual tax increment revenues and by such debt service reserves and sinking funds as may be provided by ordinance. Revenues not required for the retirement of obligations (providing for reserves and sinking funds) and Redevelopment Project Costs may be declared surplus and become available for distribution to the taxing districts in the Conservation Area in the manner provided by the Law.

One or more issues of obligations may be sold at one or more times in order to implement the Redevelopment Plan, as amended, and as it may be amended in the future. Obligations may be issued on a parity or subordinate basis.

The City may, by ordinance, in addition to obligations secured by the tax allocation fund, pledge for a period not greater than the term of the obligations any part or any combination of the following:

- Net revenues of all or part of any redevelopment project;
- Taxes levied and collected on any or all property in the City;
- The full faith and credit of the City;
- A mortgage on part or all of a redevelopment project; and
Any other taxes or anticipated receipts that the City may lawfully pledge.

**Equalized Assessed Valuation**

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Conservation Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Conservation Area once designated as an IPCA. The total 2005 EAV of the 147 parcels in the Conservation Area is $46,611,901 (see Table 5). The EAV is subject to verification by the Cook County Clerk. After verification, the final figure shall be certified by the Cook County Clerk, and shall become the Certified Initial EAV from which all incremental property taxes in the Conservation Area will be calculated by Cook County.

<table>
<thead>
<tr>
<th>Block</th>
<th>2005 EAV</th>
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<tbody>
<tr>
<td>19-18-301</td>
<td>$4,834,222</td>
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<tr>
<td>19-18-302</td>
<td>$8,727,658</td>
</tr>
<tr>
<td>19-18-303</td>
<td>$8,250,115</td>
</tr>
<tr>
<td>19-18-304</td>
<td>$1,987,388</td>
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<tr>
<td>19-18-305</td>
<td>$1,981,372</td>
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<tr>
<td>19-18-306</td>
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<tr>
<td>19-18-307</td>
<td>$1,842,354</td>
</tr>
<tr>
<td>19-18-308</td>
<td>$1,937,075</td>
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<tr>
<td>19-18-422</td>
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<tr>
<td><strong>Total EAV</strong></td>
<td><strong>$46,611,901</strong></td>
</tr>
</tbody>
</table>

Upon completion of anticipated private development of the IPCA, it is anticipated that the equalized assessed valuation will be approximately $93 million (in 2030). This projection is does not include any increased value based on redevelopment projects. The calculation assumes that assessments appreciate at a rate of 3% per year throughout the life of the Conservation Area. Other new projects, rehabilitation of existing buildings, and appreciation of real estate values may result in substantial additional increases in equalized assessed valuation.
VIII. FINANCIAL IMPACT OF REDEVELOPMENT

Without the adoption of the Redevelopment Plan and Project, the Conservation Area is not reasonably expected to be developed through investment by private enterprise. In the absence of City-sponsored redevelopment, there is a prospect that industrial expansion and job creation will not occur, and the Conservation Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. Erosion of the assessed valuation of property in and outside of the Conservation Area could lead to a reduction of real estate tax revenue to all taxing districts.

Implementation of the Redevelopment Project is expected to have significant short and long term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short term, the City’s effective use of tax increment financing can be expected to stabilize existing assessed values in the Conservation Area, thereby stabilizing the existing tax base for local taxing agencies. In the long term, after the completion of all redevelopment improvements and activities, the completion of Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from any enhanced tax base which results from the increase in EAV caused by the Redevelopment Project.

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

Demand on Taxing District Services

The following taxing districts presently levy taxes against properties located within the Conservation 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 open space in the City and County for the education, pleasure and recreation of the public.

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

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes; etc.
Board of Education of the City of Chicago and Chicago School Finance Authority. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade.

Chicago Community College District #508. This 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 and other students seeking higher education programs and services.

City of Chicago Library Fund. The library fund provides for the operation and maintenance of City of Chicago public libraries.

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.

The replacement of underutilized property with expanded industrial development may cause increased demand for services and/or capital improvements to be provided by these taxing districts. The estimated nature of these increased demands for services on these taxing districts, and the activities to address increased demand, are described below.

Cook County. The replacement of underutilized property with expanded industrial development may cause minimal increased demand for the services and programs provided by the County. A portion of Redevelopment Project Costs may be allocated to assist in the provision of such increased services, as provided in the Law and in this Redevelopment Plan.

Metropolitan Water Reclamation District of Greater Chicago. The replacement of underutilized property with expanded industrial development may cause minimal increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District. As it is expected that any increase in demand for treatment and sanitary and storm sewage associated with the redevelopment of the Conservation Area will be minimal, no assistance is proposed for the Metropolitan Water Reclamation District.

City of Chicago. The replacement of underutilized property with expanded industrial development may cause minimal increased demand for the services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc. A portion of Redevelopment Project Costs may be allocated to assist in the provision of such increased services, as provided in the Law and in this Redevelopment Plan.

Board of Education of the City of Chicago and Chicago School Finance Authority. The replacement of underutilized properties with expanded industrial development will not result in additional school-aged children in the Conservation Area, and will not directly affect the demand for educational services and/or capital improvements to be provided by the Board of Education. Therefore, no assistance is proposed for the Board of Education.

Chicago Community College District #508. The replacement of underutilized properties with expanded industrial development will not result in an increase in population within the Conservation Area. Therefore, demand for educational services and programs provided by the
community college district is not expected to change. However, a portion of Redevelopment Project Costs may be allocated to assist in job training and related educational programs, as provided in the Law and in this Redevelopment Plan.

City of Chicago Library Fund. The replacement of underutilized properties with expanded industrial development will not result in an increase in population in the Conservation Area, and will not directly affect the demand for library services and/or capital improvements to be funded through the Library Fund. Therefore, no assistance is proposed for the City of Chicago Library Fund.

Chicago Park District. The replacement of underutilized properties with expanded industrial development will not change the population within the Conservation Area, so that demand for recreational services and programs provided by the Park District will not be directly affected. Therefore, no assistance is proposed for the Chicago Park District.

This proposed program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the redevelopment projects occurring as anticipated in the Redevelopment Plan, (ii) the redevelopment projects resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs, and (iii) the generation of sufficient incremental property taxes to pay for the Redevelopment Project Costs listed above. In the event that the redevelopment projects fail to materialize, or involve a different scale of development than that currently anticipated, the City may revise this proposed program to address increased demand, to the extent permitted by the Law, without amending this Redevelopment Plan.
IX. PROVISION FOR AMENDING THE REDEVELOPMENT PLAN

The Redevelopment Plan may be amended pursuant to provisions of the Law.
Figure A IPCA Boundaries
Figure B Existing Zoning
Figure B: Zoning Districts
Figure C Existing Land Use
Figure C: Existing Land Use
Appendix:

Letter from City Colleges of Chicago
April 27, 2006

Ms. Lori T. Healey
Commissioner, City of Chicago
Department of Planning and Development
121 N. LaSalle Street
Chicago, IL 60602

Dear Commissioner Healey:

City Colleges of Chicago is pleased to work with the City of Chicago in the City’s establishment of the proposed Harlem Industrial Park Conservation Area (IPCA) Tax Increment Financing (TIF) District. The City Colleges of Chicago can offer the following services in support of future job-training in the Harlem IPCA TIF District:

1. Training in basic skills, English-as-a-Second-Language, and job readiness skills.

2. Over 200 occupational programs in the areas of manufacturing, information technologies, industrial maintenance, business management, electronics, security, food service, health, transportation, construction, and telecommunications. These programs lead directly to employment, and provide advance opportunities for incumbent workers.

3. Employee Training services to companies. This quality, affordable training is customized to meet the needs of the employer and includes management, communication skills, manufacturing technology, basic skills, marketing, small business management, and computer applications. Other services include new employee orientation, job task analysis, employee assessment, and teleconferences.

We look forward to working with your department in the Harlem Industrial Park Conservation Area (IPCA) Tax Increment Financing (TIF) District.

Sincerely,

[Signature]
Deidra J. Lewis
Executive Vice Chancellor