
**VILLAGE OF NORTHBROOK
REDEVELOPMENT PLAN AND PROJECT
PROPOSED DUNDEE ROAD / SKOKIE BOULEVARD TIF DISTRICT**

“Redevelopment plan” means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a "blighted area" or "conservation area" or combination thereof or "industrial park conservation area," and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area” as set for in the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

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I. INTRODUCTION

The Village of Northbrook (the “Village”) is located in Cook County, Illinois, approximately twenty-three (23) miles north of the City of Chicago’s “Loop”. The Village lies adjacent to the municipalities of Deerfield, Glenview and Highland Park. The primary land use of the Village is residential, with various commercial and retail uses scattered throughout the Village. The Village is situated proximate to major arterials such as Interstates 90/94 and 294 and is approximately 12 miles from Chicago O’Hare International Airport.

For purposes of establishing a Tax Increment Financing (“TIF”) district, otherwise known as a Redevelopment Project Area (“RPA”), the Village is completing this Plan as required by the Tax Increment Allocation Redevelopment Act, (the “Act”) 65 ILCS 5/11-74.4-3, et. seq., as amended.

The Act has been established to assist Illinois municipalities “promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas”. (65 ILCS 5/11-74.4-2(b)).

In the context of planning for the proposed RPA within the boundaries, as described herein, the Village has authorized the study of the Plan within the proposed boundaries to determine whether it qualifies for consideration as a TIF District. Kane, McKenna and Associates, Inc. (“KMA”), have been retained by the Village to study the RPA. The Qualification / Designation Report is contained in Exhibit 5, hereto. This Redevelopment Plan and Project (the “Plan”) contains the results of KMA’s initial study.

In November 2002, the Village Board of Trustees voted on and established a Business Redevelopment District and Plan for Skokie Boulevard. This document was established by the Board as part of the Village’s ongoing commitment to new development and expansion and retention of its various commercial, retail and service related enterprises. It was found by the Board that this document was consistent with the future goals and objectives of the Village’s Comprehensive Plan.

By definition, a “Redevelopment Plan” means the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a “blighted area” or “conservation area” or combination thereof or “industrial park conservation area,” and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area” as set forth in the Tax Increment Allocation Redevelopment Act, (the “Act”) 65 ILCS 5/11-74.4-3, et. seq., as amended.

The RPA is generally bounded by Dundee Road on the south, Skokie Boulevard on the east, the Commonwealth Edison property line on west and commercial properties on the north, (the 500 Combined Center). Adjacent right of ways along Dundee Road and Skokie Boulevard are also included. A boundary map of the RPA is included in Exhibit 2.

Given the underutilized nature of the RPA, the Village is focusing attention on uses that can provide increases to the local tax base and to facilitate new development in the Village.

The Village intends to attract and encourage users to construct mixed-use commercial and office facilities within the RPA boundaries and to attract and encourage users to construct mixed use commercial, office and multi-family facilities outside of the RPA along the Skokie Boulevard Corridor as part of the Village's ongoing and long-term economic development efforts.

Currently, the RPA is primarily characterized by vacant land with improved parcels (a cleaners) to the south, near Dundee Road. The condition of the RPA minimizes the value of mixed-use commercial and office properties compared with other areas in the Village, thereby limiting employment and growth opportunities.

Other sources of potential concern regarding the site include ingress and egress coordination, environmental remediation, and coordination with existing users.

The RPA has not been able to attract private development based upon its previous uses and by establishing an RPA, the Village can begin to provide for more suitable mixed-use commercial, retail, and office uses. By undertaking this initiative, the Village can begin to stimulate the redevelopment of areas within the Village and, in doing so, stabilize and expand benefits to the community and affected taxing districts.

The Redevelopment Plan

The Village recognizes the need for implementation of a strategy to revitalize underutilized properties within the boundaries of the RPA and to stimulate and enhance private development. Business attraction and expansion are key components of the strategy. The needed private investment may only be possible if TIF is adopted pursuant to the terms of the Act. Incremental property tax revenue generated by the development will play a decisive role in encouraging private development. Site conditions that have precluded intensive private investment in the past will be addressed. Ultimately, the implementation of the Plan will benefit the Village and all the taxing districts, which encompass the RPA in the form of a significantly expanded tax base.

The designation of the area as an RPA will allow the Village to address area inadequacies including (but not limited to):

- Establishing a pattern of land-use activities that will increase efficiency and economic relationships, especially as such uses complement adjacent commercial, retail, residential, and other redevelopments;
- Provision of roadway and traffic improvements within the area, including a comprehensive review of ingress and egress requirements that satisfy area circulation, parking and connections to major arterials;
- Entering into redevelopment agreements in order to cause the redevelopment of blighted property and/or to induce new development to locate within the RPA.
- Coordinating and providing adequate parking for all redevelopments;
- Improving area appearance through landscape, streetscape and signage programs;

- Coordinating site preparation in order to provide sites for more modern redevelopment plans; and
- Providing infrastructure that is adequate in relation to redevelopment plans.

An existing land use map of the RPA is included in Exhibit 2 of this Plan. The RPA, on the whole, would not reasonably be anticipated to be developed in a coordinated manner without the adoption of the Plan. The Village, with the assistance of KMA has commissioned this Plan to use TIF in order to address local needs and to meet redevelopment goals and objectives.

The adoption of this Plan makes possible the implementation of a comprehensive program for the economic redevelopment of the area. By means of public investment, the RPA will become a more viable area that will attract private investment. The public investment will set the stage for the redevelopment of the area with private capital. This in turn will lead to operation of viable future land uses within the area.

Pursuant to the Act, the RPA includes only those contiguous parcels of real property and improvements thereon substantially benefited by the redevelopment project. Also pursuant to the Act, the area is not less in the aggregate than 1½ acres.

Through this Plan, the Village will serve as the central influence for the coordination and assembly of the assets and investments of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, the implementation of the Plan will benefit the Village and all the taxing districts, which encompass the RPA in the form of a stabilized, and expanded tax base, retention of existing businesses in need of expanding their operations and creation of new employment opportunities within the Village because of new private development in the area.

Summary

It is found and declared by the Village, through legislative actions as required by the Act, that in order to promote and protect the health, safety, and welfare of the public, that certain conditions that have adversely affected redevelopment within the RPA need to be addressed, and that redevelopment of such areas must be undertaken; and, to alleviate the existing adverse conditions, it is necessary to encourage private investment and enhance the tax base of the taxing districts in such areas by the development or redevelopment of certain areas. Public/private partnerships are determined to be necessary in order to achieve development goals. Without the development focus and resources provided under the Act, the development goals of the municipality would not reasonably be expected to be achieved.

It is found and declared by the Village that the use of incremental tax revenues derived from the tax rates of various taxing districts in the RPA for the payment of redevelopment project costs is of benefit to said taxing districts. This is because these taxing districts whose jurisdictions include in the RPA would not derive the benefits of an increased assessment base without addressing the coordination of redevelopment by the Village.

It is further found, and certified by the Village, that the process required for the adoption of this Plan pursuant to the Act will not result in the displacement of 10 or more inhabited residential units, and that the RPA contains less than 75 inhabited residential units. Therefore, this Plan does not include a housing impact study as would be otherwise required by the Act. The Village will amend this Plan and the RPA and provide a housing impact study in the manner prescribed by the Act should the Village determine a need to withdraw such certification at a future time.

The redevelopment activities that will take place within the RPA will produce benefits that are reasonably distributed throughout the RPA.

Redevelopment of the RPA area is tenable only if a portion of the improvements and other costs are funded by TIF.

II. REDEVELOPMENT PROJECT AREA LEGAL DESCRIPTION

The Redevelopment Project Area legal description is attached in Exhibit A.

III. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The following goals and objectives are presented for the RPA in accordance with the Village's Zoning Ordinance and comprehensive planning process (including any amendments thereto). The Plan also will conform to the Village's Comprehensive Plan.

In November 2002, the Village Board of Trustees voted on and established the Business Redevelopment District and Plan for Skokie Boulevard. This document was established by the Board as part of the Village's ongoing commitment to new development and expansion and retention of its various commercial, retail and service related enterprises. It was found by the Board that this document is consistent with the future goals and objectives of the Village's Comprehensive Plan. The general goals of the Village and the RPA are as follows:

General Goals of the Village

- To provide for implementation of economic development and redevelopment strategies to benefit the Village and its residents.
- To encourage positive and feasible redevelopment of vacant sites and/or underutilized facilities.
- To strengthen the property tax base of the Village and overlapping tax districts.
- To create new jobs and retain existing jobs for Village and area residents.
- To coordinate all redevelopment within the Village in a comprehensive manner, avoiding land use conflicts and negative community impacts with attracted users.
- To provide public infrastructure improvements within the Village to promote strategic growth.
- To create a cooperative partnership between Village developers and local businesses.

Specific Objectives for the RPA

- Encourage new mixed-use, commercial and office development by facilitating the preparation and marketing of improved and vacant sites;
- Facilitate the remediation of environmental problems to provide additional land for redevelopment only to the extent that the developer or private entities involved in the redevelopment project bear a reasonable portion of such costs;
- Foster the replacement, repair, and/or improvement of infrastructure, where needed, including streets, curbs, gutters and underground water and sanitary systems to facilitate the construction of redevelopment;
- Support the goals and objectives of the Village's Comprehensive Plan.

- Develop the area in relationship to the traffic system for improved accessibility to the area.
- Coordinate redevelopment efforts throughout the neighboring area thus improving the surrounding environment.
- Support the goals and objectives of the Village's Comprehensive Plan and Business District Plan.

Redevelopment Objectives

The purpose of the RPA TIF designation will allow the Village to:

- Assist in coordinating redevelopment activities within the RPA in order to provide a positive marketplace signal;
- Reduce or eliminate negative factors present within the area;
- Accomplish redevelopment over a reasonable time period;
- Provide for high quality development within the RPA; and
- Provide for an attractive overall appearance of the area.

The implementation of the Redevelopment Project will serve to improve the physical appearance of the RPA and contribute to the economic development of the area. The implementation of the RPA will provide new employment opportunities for community and Village residents.

IV. EVIDENCE OF THE LACK OF DEVELOPMENT AND GROWTH WITHIN THE RPA AND ASSESSMENT OF FISCAL IMPACT ON AFFECTED TAXING DISTRICTS

A. Evidence of the Lack of Development and Growth Within the RPA

As found in Exhibit 5 of this Plan, the RPA has suffered from the lack of development. The area has not in recent history benefited from significant private investment and/or development. As a result, is not likely to gain in value without encouragement by the Village.

The property within the boundaries of the proposed RPA consists of vacant properties and adjacent improved properties. The Equalized Assessed Valuation (“EAV”) growth rate of both types of properties has lagged behind the Village’s EAV growth rate for four of the past five-years.

B. Assessment of Fiscal Impact on Affected Taxing Districts

It is not anticipated that the implementation of this Plan will have a negative financial impact on the affected taxing districts. Instead, actions taken by the Village to stabilize and cause growth of its tax base through the implementation of this Plan will have a positive impact on the affected taxing districts by incorporating the provisions for annual surplus declaration (see below).

Strategies will be encouraged to promote growth via private investment within the area, and specific objectives are geared to stabilize the RPA’s existing strengths and revitalize the RPA’s redevelopment potential.

**V. TIF QUALIFICATION FACTORS EXISTING IN THE REDEVELOPMENT
PROJECT AREA**

Findings

The RPA was studied to determine its qualifications under the Act. It was determined that the area as a whole meets the qualifications necessary to establish a TIF district under the Act. Refer to the TIF Qualification/Designation Report, (Exhibit 5) which is included in this Plan.

Eligibility Survey

Representatives of KMA and Village staff evaluated the RPA in August and September of 2005. The area was studied in relation to review of available economic development planning reports, Village ordinances, tax levy years 1999 through 2004 EAV information from the Cook County Clerk's Office and Village data base records, Sidwell parcels tax maps, site photographs, site data, local history (discussions with Village staff and materials from engineers who have studied the properties for over 2 years), and an evaluation of area-wide factors that have affected the area's development.

VI. REDEVELOPMENT PROJECT

A. Redevelopment Plan and Project Objectives

The Village proposes to realize goals and objectives of encouraging the development of the RPA and encouraging private investment through public financing techniques including, but not limited to, Tax Increment Financing:

- 1) By implementing a plan that provides for the coordination of redevelopment with existing uses that surround the RPA boundaries, and the attraction of users to redevelop underutilized properties within the RPA. .
- 2) By constructing public improvements which may include (if necessary):
 - Street and sidewalk improvements (including new street construction, widening of current streets, reconfiguration of existing traffic lanes, and street intersection improvements)
 - Utility improvements (including, but not limited to, water, stormwater management, and sanitary sewer projects consisting of construction and rehabilitation)
 - Signalization, traffic control and lighting
 - Off-street publicly-owned parking available for public use (if applicable)
 - Landscaping and beautification
- 3) By entering into Redevelopment Agreements with developers for qualified redevelopment project costs.
- 4) By providing for site preparation, clearance, and demolition, including grading, and excavation. Environmental remediation costs shall be eligible only to the extent that any developer bears a reasonable portion of such costs as determined by the Village.
- 5) Exploration and review of job training programs in coordination with any Village, state, and county programs.
- 6) By providing relocation assistance to businesses being displaced because of redevelopment activity.

B. Redevelopment Activities

Pursuant to the foregoing objectives, the Village will implement a coordinated program of actions, including, but not limited to, site preparation, clearance, demolition, provision of public infrastructure and related public improvements.

Site Preparation, Clearance, and Demolition

Property within the RPA may be improved by site clearance, excavation, or demolition prior to redevelopment. The land may also be graded and cleared prior to redevelopment. Environmental remediation costs shall be eligible only to the extent that any developer bears a reasonable portion of such costs as determined by the Village.

Public Improvements

The Village may, but is not required to provide, public improvements in the RPA to enhance the immediate area and support the Plan. Appropriate public improvements may include, but are not limited to:

- Improvements and/or construction of public utilities including extension of water mains as well as sanitary and storm sewer systems; and
- Beautification, identification markers, landscaping, lighting, and signage of public right-of-ways.
- Improvements to signalization, traffic control and off-street publicly owned parking available for public use (if applicable).

Interest Rate Write-Down

The Village may enter into agreements with owners/developers whereby a portion of the interest cost of a construction, renovation or rehabilitation project is paid for on an annual basis out of the Special Tax Allocation fund of the RPA, in accordance with the Act.

Job Training

The Village may assist facilities and enterprises located within the RPA in obtaining job training assistance. Job training and retraining programs currently available from or through other governments include, but are not limited to:

- Federal programs;
- State of Illinois programs;
- Applicable local vocational educational programs, including community college sponsored programs;
- Other federal, state, county or non-profit programs that are currently available or will be developed and initiated over time.

School Tuition Costs

Revenues may be utilized from the Special Tax Allocation Fund to pay school tuition costs as provided for by the Act.

C. General Land Use Plan

Existing land uses generally consist of vacant land with improved property at the south (the cleaners) near Dundee Road. Existing land uses are included in Exhibit 3, attached hereto and made a part of this Plan. Exhibit 4, attached hereto and made a part of this Plan designates intended general land uses in the RPA that include new mixed-use commercial and office properties. The land uses conform to the Zoning Ordinance and the Comprehensive Plan of the Village as either may be amended from time to time.

D. Additional Design and Control Standards

The appropriate design controls including any Planned Developments, as set forth in the Village's Zoning Ordinance, Subdivision and Development Code, and Municipal Code, shall apply to the RPA.

E. Estimated Redevelopment Project Costs

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, as provided in the Act, and any such costs incidental to this Redevelopment Plan and Project. Private investments, which supplement "Redevelopment Project Costs", are expected to substantially exceed such Redevelopment Project Costs. Eligible costs permitted under the Act which may be pertinent to this Redevelopment Plan and Project include:

- (1) Costs of studies; and 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 special services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected; except that after November 1, 1999, no contracts for professional services, excluding architectural and engineering services, may be entered into if the terms of the contract extend beyond a period of three (3) years. In addition, "redevelopment project costs" shall not include lobbying expenses:
 - (1.1) After July 1, 1999, annual administrative costs shall not include general overhead or administrative costs of the municipality that would still have been incurred by the municipality if the municipality had not designated a redevelopment area or approved a redevelopment plan;
- (2) The cost of marketing sites within the redevelopment project area to prospective businesses, developers, and investors;
- (3) Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to, parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- (4) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures; and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or

devoted to a different use requiring private investment; including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification;

- (5) Costs of the construction of public works or improvements, including any direct or indirect costs relating to Green Globes or LEED certified construction elements or construction elements with an equivalent certification, except that on and after November 1, 1999 redevelopment project costs shall not include the cost of constructing a new municipal public building principally used to provide offices, storage space, or conference facilities or vehicle storage, maintenance, or repair for administrative, public safety, or public works personnel and that is not intended to replace an existing public building as provided under paragraph (3) of subsection (q) of Section 11-74.4-3 unless either (i) the construction of the new municipal building implements a redevelopment project that was included in a redevelopment plan that was adopted by the municipality prior to the effective date of this amendatory Act of the 91st General Assembly or (ii) the municipality makes a reasonable determination in the redevelopment plan, supported by information that provides the basis for that determination, that the new municipal building is required to meet an increase in the need for public safety purposes anticipated to result from the implementation of the redevelopment plan;
- (6) Costs of job training and retraining projects; including the cost of "welfare to work" programs implemented by businesses located within the redevelopment project area;
- (7) 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 pursuant to the Act 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;
- (8) To the extent the municipality by written agreement accepts and approves the same, all or a portion of a taxing district's capital (and additional student tuition) 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 and project;
- (9) For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after November 1, 1999 an elementary, secondary, or unit school district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by the Act, and which costs shall be paid by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units and shall be calculated annually as follows:
 - a) for foundation districts, excluding any school district in a municipality with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure

improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10- 20.12a of the School Code less any increase in general State aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:

- (i) for unit school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 25% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;
 - (ii) for elementary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 17% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and
 - (iii) for secondary school districts with a district average 1995-96 Per Capita Tuition Charge of less than \$5,900, no more than 8% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act.
- b) For alternate method districts, flat grant districts, and foundation districts with a district average 1995-96 Per Capita Tuition charge equal to or more than \$5,900, excluding any school district with a population in excess of 1,000,000, by multiplying the district's increase in attendance resulting from the net increase in new students enrolled in that school district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by the Act since the designation of the redevelopment project area by the most recently available per capita tuition cost as defined in Section 10-20.12a of the School Code less any increase in general state aid as defined in Section 18-8.05 of the School Code attributable to these added new students subject to the following annual limitations:
- (i) for unit school districts, no more than 40% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act;
 - (ii) for elementary school districts, no more than 27% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under this Act; and
 - (iii) for secondary school districts, no more than 13% of the total amount of property tax increment revenue produced by those housing units that have received tax increment finance assistance under the Act.
- c) Any school district in a municipality with a population of 1,000,000, additional restrictions apply.

Any school district seeking payment shall, after July 1 and before September 30 of each year, provide the municipality with reasonable evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the school district. If the school district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year. School districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by the Act. By acceptance of this reimbursement the school district waives the right to directly or indirectly set aside, modify, or contest in any manner the establishment of the redevelopment project area or projects;

- (10) For redevelopment project areas designated (or redevelopment project areas amended to add or increase the number of tax-increment-financing assisted housing units) on or after January 1, 2005, a public library district's increased costs attributable to assisted housing units located within the redevelopment project area for which the developer or redeveloper receives financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the assisted housing sites necessary for the completion of that housing as authorized by this Act shall be paid to the library district by the municipality from the Special Tax Allocation Fund when the tax increment revenue is received as a result of the assisted housing units. This paragraph applies only if (i) the library is located in a county that is subject to the Property Tax Extension Limitation Law or (ii) the library district is not located in a county that is subject to the Property Tax Extension Limitation Law but the district is prohibited by any other law from increasing its tax levy rate without a prior voter referendum.

The amount paid to a library district under this paragraph shall be calculated by multiplying (i) the net increase in the number of persons eligible to obtain a library card in that district who reside in housing units within the redevelopment project area that have received financial assistance through an agreement with the municipality or because the municipality incurs the cost of necessary infrastructure improvements within the boundaries of the housing sites necessary for the completion of that housing as authorized by this Act since the designation of the redevelopment project area by (ii) the per-patron cost of providing library services so long as it does not exceed \$120. The per-patron cost shall be the Total Operating Expenditures Per Capita as stated in the most recent Illinois Public Library Statistics produced by the Library Research Center at the University of Illinois. The municipality may deduct from the amount that it must pay to a library district under this paragraph any amount that it has voluntarily paid to the library district from the tax increment revenue. The amount paid to a library district under this paragraph shall be no more than 2% of the amount produced by the assisted housing units and deposited into the Special Allocation Fund.

A library district is not eligible for any payment under this paragraph unless the library district has experienced an increase in the number of patrons from the municipality that created the tax-increment-financing district since the designation of the redevelopment project area.

Any library district seeking payment under this paragraph shall, after July 1 and before September 30 of each year, provide the municipality with convincing evidence to support its claim for reimbursement before the municipality shall be required to approve or make the payment to the library district. If the library district fails to provide the information during this period in any year, it shall forfeit any claim to reimbursement for that year.

- Library districts may adopt a resolution waiving the right to all or a portion of the reimbursement otherwise required by this paragraph. By acceptance of such reimbursement, the library district shall forfeit any right to directly or indirectly set aside, modify, or contest in any manner whatsoever the establishment of the redevelopment project area or projects;
- (11) Relocation costs to the extent that the Village determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
- (12) Payment in lieu of taxes;
- (13) 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 the redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the Village, are set forth in a written agreement by or among the Village 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 agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code;
- (14) Interest costs 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% of the annual interest costs incurred by the developer with regard to the redevelopment project during that year;
 - c) if there are not sufficient funds available in the Special Tax Allocation Fund to make the payment pursuant to this paragraph then the amounts so due shall accrue and be payable when sufficient funds are available in the Special Tax Allocation Fund;
 - d) the total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act;
 - e) the cost limits set forth in subparagraphs b) and d) shall be modified for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act and the percentage of 75% shall be substituted for 30% in subparagraphs b) and d);

- f) Instead of the eligible costs provided by subparagraphs b) and d), as modified by this subparagraph, and notwithstanding any other provisions of the Act to the contrary, the municipality may pay from tax increment revenues up to 50% of the cost of construction of new housing units to be occupied by low-income households and very low-income households as defined in Section 3 of the Illinois Affordable Housing Act. The cost of construction of those units may be derived from the proceeds of bonds issued by the municipality under the Act or other constitutional or statutory authority or from other sources of municipal revenue that may be reimbursed from tax increment revenues or the proceeds of bonds issued to finance the construction of that housing. The eligible costs provided under this subparagraph f) shall be an eligible cost for the construction, renovation, and rehabilitation of all low and very low-income housing units, as defined in Section 3 of the Illinois Affordable Housing Act, within the redevelopment project area. If the low and very low-income units are part of a residential redevelopment project that includes units not affordable to low and very low-income households, only the low and very low-income units shall be eligible for benefits under subparagraph f).

The standards for maintaining the occupancy by low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, of those units constructed with eligible costs made available under the provisions of this subparagraph f) shall be established by guidelines adopted by the municipality. The responsibility for annually documenting the initial occupancy of the units by low income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, shall be that of the then current owner of the property. For ownership units, the guidelines will provide, at a minimum, for a reasonable recapture of funds, or other appropriate methods designed to preserve the original affordability of the ownership units. For rental units, the guidelines will provide, at a minimum, for the affordability of rent to low and very low-income households. As units become available, they shall be rented to income-eligible tenants. The municipality may modify these guidelines from time to time; the guidelines, however, shall be in effect for as long as tax increment revenue is being used to pay for costs associated with the units or for the retirement of bonds issued to finance the units or for the life of the redevelopment project area, whichever is later.

- (15) If the redevelopment project area is located within a municipality with a population of more than 100,000, the cost of day care services for children of employees from low-income families working for businesses located within the redevelopment project area and all or a portion of the cost of operation of day care centers established by redevelopment project area businesses to serve employees from low-income families working in businesses located in the redevelopment project area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the municipal, county, or regional median income, adjusted for family size, as the annual income and municipal, county, or regional median income are determined from time to time by the United States Department of Housing and Urban Development.
- (16) Unless explicitly stated herein the costs of construction of new privately- owned buildings shall not be an eligible redevelopment project cost;

- (17) After November 1, 1999, none of the redevelopment project costs enumerated in this subsection shall be eligible redevelopment projects if those costs would provide direct financial support to a retail entity initiating operations in the redevelopment project area while terminating operations at another Illinois location within 10 miles of the redevelopment project area but outside the boundaries of the redevelopment project area municipality. For purposes of this paragraph, termination means a closing of a retail operation that is directly related to the opening of the same operation or like retail entity owned or operated by more than 50% of the original ownership in a redevelopment project area, but it does not mean closing an operation for reasons beyond the control of the retail entity, as documented by the retail entity, subject to a reasonable finding by the municipality that the current location contained inadequate space, has become economically obsolete, or was no longer a viable location for the retailer or serviceman;
- (18) No cost shall be a redevelopment project cost in a redevelopment project area if used to demolish, remove, or substantially modify a historic resource, after August 26, 2008, unless no prudent and feasible alternative exists. "Historic Resource" means (i) a place or structure that is included or eligible for inclusion on the National Register of Historic Places or (ii) a contributing structure in a district on the National Register of Historic Places. This restriction does not apply to a place or structure for which demolition, removal, or modification is subject to review by the preservation agency of a Certified Local Government designated as such by the National Park Service of the United States Department of the Interior.

If a special service area has been established pursuant to the Special Service Area Tax Act or Special Service Area Tax Law, then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act or Special Service Area Tax Law may be used within the redevelopment project area for the purposes permitted by that Act or Law as well as the purposes permitted by the TIF Act.

Estimated costs are shown on the next page. Adjustments to these cost items may be made without amendment to the Redevelopment Plan and Project.

**DUNDEE ROAD/SKOKIE BOULEVARD
REDEVELOPMENT PROJECT AREA
ESTIMATED PROJECT COSTS**

<u>Redevelopment Cost Items</u> <u>(A)</u>	<u>Estimated Costs</u>
1. Site Preparation, including Gateway Feature and Environmental Remediation (as provided for in this Plan)	\$ 2,150,000
2. Public Improvements including, but not limited to, water, storm sewer, sanitary sewer, the service of parking facilities, and road improvements.	\$ 2,630,000
3. Relocation Costs	\$760,000
4. Planning, Legal, Engineering, Administrative and Other Professional Service Costs	\$160,000
TOTAL ESTIMATED PROJECT COSTS	\$5,700,000

All project cost estimates are in year 2012 dollars. In addition to the above stated costs, any bonds issued to finance a phase of the Project may include an amount sufficient to pay customary and reasonable charges associated with the issuance of any obligations as well as to provide for capitalized interest and reasonably required reserves. Adjustments to the estimated line item costs above are expected. Each individual project cost will be reevaluated in light of the projected private development and resulting tax revenues as it is considered for public financing under the provisions of the Act. The totals of line items set forth above are not intended to place a total limit on the described expenditures as the specific items listed above are not intended to preclude payment of other eligible redevelopment project costs in connection with the redevelopment of the RPA, provided the total amount of payment for Estimated Project Costs shall not exceed the amount set forth above, as adjusted pursuant to the Act. Adjustments may be made in line items within the total, either increasing or decreasing line item costs for redevelopment.

F. Sources of Funds to Pay Redevelopment Project Costs Eligible Under Illinois TIF Statute

Funds necessary to pay for public improvements and other project costs eligible under the Act are to be derived principally from property tax increment revenues, proceeds from municipal obligations to be retired primarily with tax increment revenues and interest earned on resources available but not immediately needed for the Plan.

“Redevelopment Project Costs” specifically contemplate those eligible costs set forth in the Act and do not contemplate the preponderance of the costs to redevelop the area. The majority of development costs will be privately financed, and TIF or other public sources are to be used, subject to approval by the Village Board, only to leverage and commit private redevelopment activity.

The tax increment revenues which will be used to pay debt service on the municipal obligations, if any, and to directly pay redevelopment project costs shall be the incremental increase in property taxes attributable to the increase in the equalized assessed value of each taxable lot, block, tract or parcel of real property in the RPA over and above the initial equalized assessed value of each such lot, block, tract or parcel in the RPA in the 2004 tax year for the RPA.

Among the other sources of funds which may be used to pay for redevelopment project costs and debt service on municipal obligations issued to finance project costs are the following: certain local sales or utility taxes, special service area taxes, the proceeds of property sales, certain land lease payments, certain Motor Fuel Tax revenues, certain state and federal grants or loans, certain investment income, and such other sources of funds and revenues as the Village may from time to time deem appropriate.

The Redevelopment Project Area would not reasonably be expected to be developed in a coordinated manner without the use of the incremental revenues provided by the Act.

G. Nature and Term of Obligations to be Issued

The Village may issue obligations secured by the tax increment Special Tax Allocation Fund established for the Redevelopment Project Area pursuant to the Act or such other funds as are available to the Village by virtue of its power pursuant to the Illinois State Constitution.

Any and/or all obligations issued by the Village pursuant to this Plan and the Act shall be retired not more than twenty-three (23) years from the date of adoption of the ordinance approving the Redevelopment Project Area. However, the final maturity date of any obligations issued pursuant to the Act may not be later than twenty (20) years from their respective date of issuance. One or more series of obligations may be issued from time to time in order to implement this Plan. The total principal and interest payable in any year on all obligations shall not exceed the amount available in that year or projected to be available in that year. Obligations may be payable from tax increment revenues, bond sinking funds, capitalized interest, debt service reserve funds, and all other sources of funds as may be provided by ordinance.

Those revenues not required for principal and interest payments, for required reserves, for bond sinking funds, for redevelopment project costs, for early retirement of outstanding securities, and to facilitate the economical issuance of additional bonds necessary to accomplish the Redevelopment Plan, may be declared surplus and shall then become available for distribution annually to taxing districts overlapping the RPA in the manner provided by the Act.

Such securities may be issued on either a taxable or tax-exempt basis, as general obligation or revenue bonds, with either fixed rate or floating interest rates; with or without capitalized interest; with or without deferred principal retirement; with or without interest rate limits except as limited by law; and with or without redemption provisions, and on such other terms, all as the Village may determine.

**H. Most Recent Equalized Assessed Valuation (EAV) of Properties in the
Redevelopment Project Area. As Amended**

The most recent equalized assessed valuation ("EAV") for the RPA, as amended, based on the 2004 EAV, is estimated at \$2,625,179.

I. Anticipated Equalized Assessed Valuation (EAV)

Upon completion of the anticipated private development of the RPA, over a twenty-three (23) year period, it is estimated that the EAV of the properties within the RPA will approximately range from \$11,000,000 to \$15,000,000.

VII. DESCRIPTION AND SCHEDULING OF REDEVELOPMENT PROJECT

A. Redevelopment Project

An implementation strategy will be employed with full consideration given to the availability of both public and private funding. It is anticipated that a phased redevelopment will be undertaken.

The Redevelopment Project will begin as soon as the private entities have obtained financing approvals for appropriate projects and such uses comply with Village zoning, subdivision and planning requirements. Depending upon the scope of the development as well as the actual uses, the following activities may be included in each phase:

Demolition and Site Preparation: Demolition may also be necessary for future projects. Additionally, the redevelopment plan contemplates site preparation, or other requirements necessary to prepare the site for desired redevelopment projects. Environmental remediation is an eligible cost only to the extent that the developer bears a reasonable portion of such costs as determined by the Village.

Landscaping/Buffering/Streetscaping: The Village may fund certain landscaping projects, which serve to beautify public properties or rights-of-way and provide buffering between land uses.

Water, Sanitary Sewer, Storm Sewer and Other Utility Improvements: Certain utilities may be extended or re-routed to serve or accommodate the new development. Upgrading of existing utilities may be undertaken. The Village may also undertake the provision of necessary detention or retention ponds.

Roadway/Street/Parking Improvements: Widening of existing road improvements and/or vacation of roads may be undertaken by the Village. Certain secondary streets/roads may be extended or constructed. Related curb, gutter, and paving improvements could also be constructed as needed. Publicly owned parking facilities may be constructed that would be available to the public.

Utility services may also be provided or relocated in order to accommodate the renovation or expansion of buildings.

Traffic Control/Signalization: Traffic control or signalization improvements that improve access to the RPA and enhance its redevelopment may be constructed.

Public Safety Related Infrastructure: Certain public safety improvements including, but not limited to, public signage, public facilities, and streetlights may be constructed or implemented.

Interest Costs Coverage: The Village may fund certain interest costs incurred by a developer for construction, renovation or rehabilitation of a redevelopment project. Such funding would be paid for out of annual tax increment revenue generated from the RPA as allowed under the Act.

Professional Services: The Village may fund necessary planning, legal, engineering, administrative and financing costs during project implementation. The Village may reimburse itself from annual tax increment revenue if available.

B. Commitment to Fair Employment Practices and Affirmative Action

As part of any Redevelopment Agreement entered into by the Village and any private developers, both will agree to establish and implement an honorable, progressive, and goal-oriented affirmative action program that serves appropriate sectors of the Village. The program will conform to the most recent Village policies and plans.

With respect to the public/private development's internal operations, both entities will pursue employment practices, which provide equal opportunity to all people regardless of sex, color, race or creed. Neither party will discriminate against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including: hiring, upgrading and promotions, terminations, compensation, benefit programs and education opportunities.

All those involved with employment activities will be responsible for conformance to this policy and the compliance requirements of applicable state and federal regulations.

The Village and private developers 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. Additionally, any public/private entities will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which all 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.

Finally, the entities will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner. Underlying this policy is the recognition by the entities that successful affirmative action programs are important to the continued growth and vitality of the community.

C. Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs

This Redevelopment Project and retirement of all obligations to finance redevelopment costs will be completed the earlier of: (i) within twenty-three (23) years after the adoption of an ordinance designating the Redevelopment Project Area, or (ii) the date on which the tax increment revenues generated within the RPA equals the estimated project costs set forth in Section VI.E. on a present value basis and all obligations incurred to fund said project costs have been retired. In the event that the twenty-three (23) year period is required, the actual date for such completion and retirement of obligations shall not be later than December 31 of the year in which the payment to the municipal treasurer pursuant to the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year in which the ordinance approving the RPA is adopted.

**VIII. PROVISIONS FOR AMENDING THE TAX INCREMENT REDEVELOPMENT
PLAN AND PROJECT**

This Plan may be amended pursuant to the provisions of the Act.

EXHIBIT A:

Legal Description

Prepared by: Christopher B. Burke Engineering, LTD.

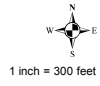
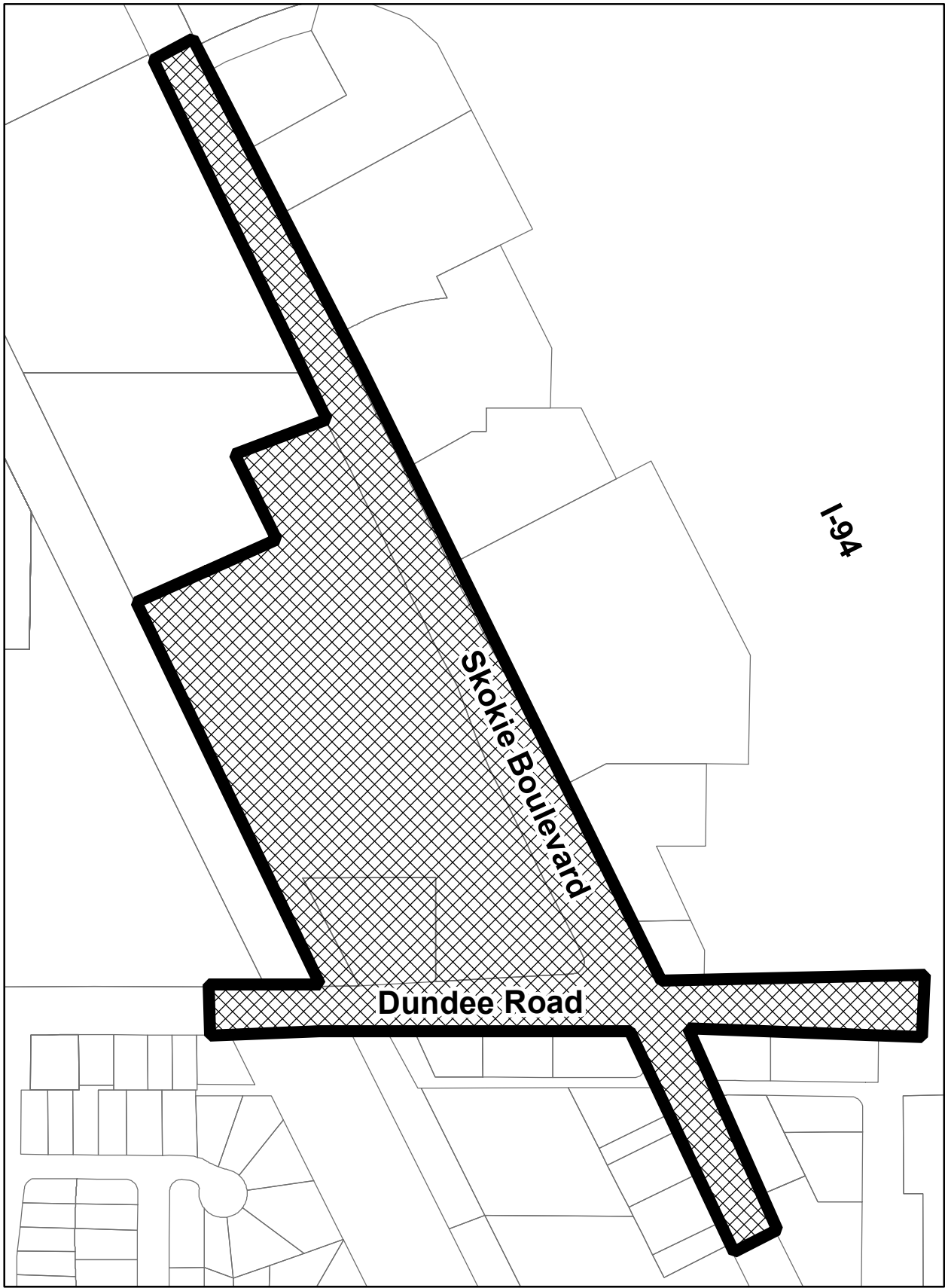
LEGAL DESCRIPTION

THAT PART OF THE SOUTHWEST QUARTER OF SECTION 1, THE SOUTHEAST QUARTER OF SECTION 2, THE NORTHEAST QUARTER OF SECTION 11 AND THE NORTHWEST QUARTER OF SECTION 12, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF LOT 3 IN LANE PARK SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 15, 1976, AS DOCUMENT NO. 23560771, SAID NORTHEAST CORNER ALSO BEING A POINT ON THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF SKOKIE ROAD (AKA SKOKIE BOULEVARD); THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY LINE TO A POINT THAT IS 100 FEET NORTHWEST OF THE NORTHEAST CORNER OF LOT 2 IN SAID LANE PARK SUBDIVISION AS MEASURED ALONG SAID RIGHT-OF-WAY LINE; THENCE NORTHEASTERLY, PERPENDICULARLY TO THE LAST DESCRIBED COURSE TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID SKOKIE ROAD; THENCE SOUTHEASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD TO A POINT OF INTERSECTION WITH THE NORTHERLY EXTENSION OF THE EASTERLY RIGHT-OF-WAY LINE OF SUNSET RIDGE ROAD; THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID DUNDEE ROAD; THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD TO A POINT OF INTERSECTION WITH THE NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID SKOKIE ROAD; THENCE SOUTHEASTERLY, SOUTHERLY AND SOUTHEASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID SKOKIE ROAD TO A POINT OF INTERSECTION WITH THE NORTHEASTERLY EXTENSION OF THE NORTHWESTERLY LINE OF LOT 19 IN BLOCK 1 OF HUGHES-BROWN-MOORE CORPORATIONS FIRST ADDITION TO NORTH SHORE VILLA SUBDIVISION, BEING A SUBDIVISION IN THAT PART OF THE NORTHEASTERN QUARTER OF THE NORTHEAST QUARTER OF SECTION 11 ACCORDING TO THE PLAT THEREOF, RECORDED JUNE 29, 1928 AS DOCUMENT NO. 10072908; THENCE SOUTHWESTERLY ALONG SAID NORTHEASTERLY EXTENSION TO THE NORTHEAST CORNER OF SAID LOT 19; THENCE NORTHWESTERLY, WESTERLY AND NORTHWESTERLY ALONG THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF SAID SKOKIE ROAD TO A POINT OF INTERSECTION WITH THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID DUNDEE ROAD; THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD TO THE NORTHWEST CORNER OF LOT 15 IN BLOCK 2 IN HUGHES-BROWN-MOORE CORPORATION "COLLINSWOOD SUBDIVISION", BEING A SUBDIVISION OF THAT PART OF THE NORTHEAST QUARTER AND PART OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 11 ACCORDING TO THE PLAT THEREOF, RECORDED SEPTEMBER 18, 1929 AS DOCUMENT NO. 10482823; THENCE NORTHERLY PERPENDICULARLY TO THE LAST DESCRIBED COURSE TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD TO THE SOUTHWEST CORNER OF LOT 5 IN SAID LANE PARK SUBDIVISION, SAID SOUTHWEST CORNER OF LOT 5 ALSO BEING A POINT ON THE NORTHEASTERLY LINE OF THE LANDS OF THE COMMONWEALTH EDISON COMPANY; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID LANE PARK SUBDIVISION TO THE NORTHWEST CORNER OF SAID LOT 3; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID LOT 3 TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

EXCEPTING THEREFROM, THE FOLLOWING:

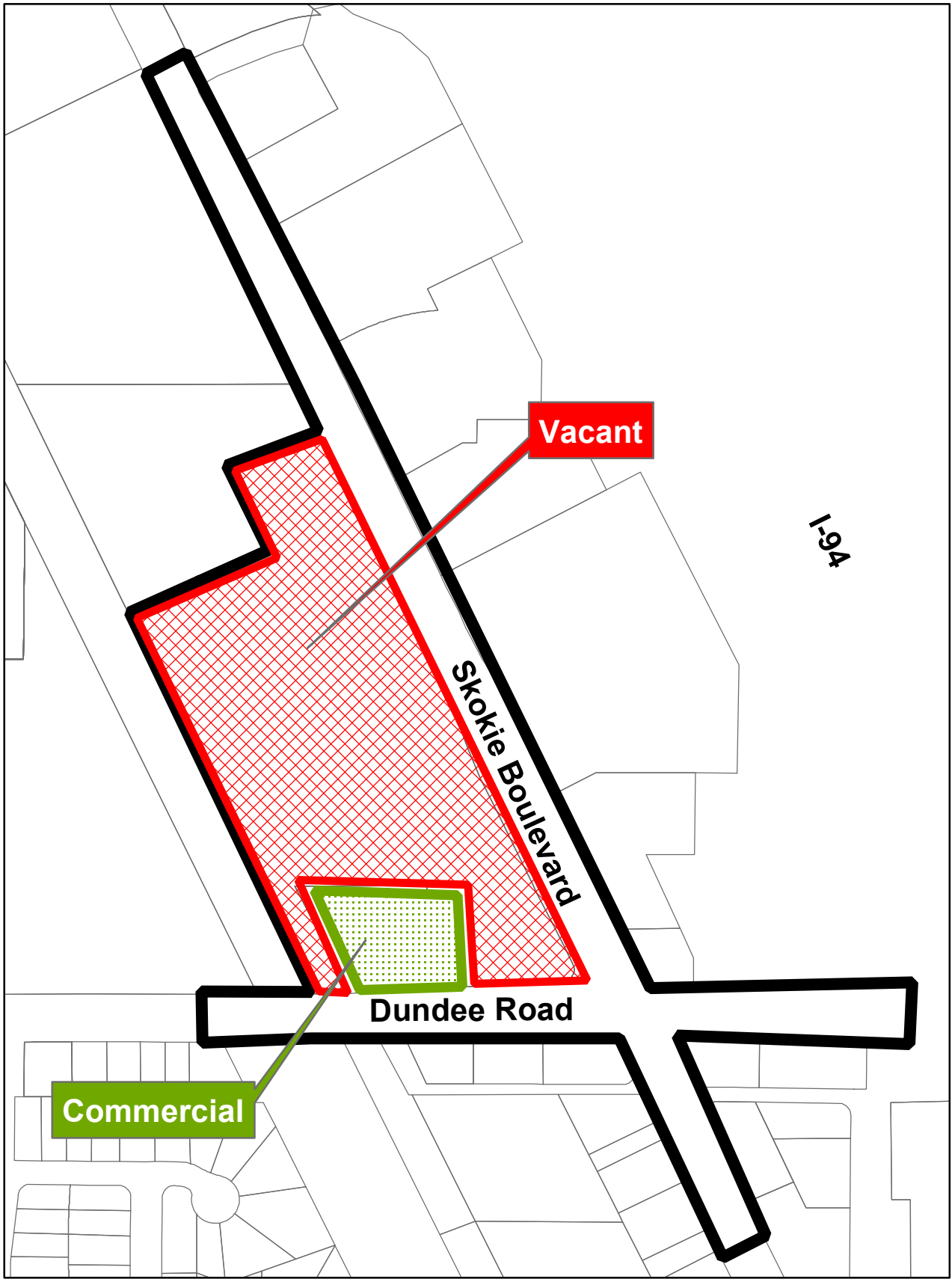
BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 3 IN LANE PARK SUBDIVISION; THENCE SOUTH 26° 33' 47" EAST, ALONG THE EASTERLY LINE OF SAID LOT 3, ALSO BEING ALONG THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF SKOKIE ROAD (AKA SKOKIE BOULEVARD), 99.45 FEET; THENCE SOUTH 63° 26' 28" WEST, 195.95 FEET; THENCE SOUTH 26° 33' 32" EAST, 203.75 FEET; THENCE SOUTH 63° 26' 28" WEST 295.00 FEET TO A POINT ON THE WESTERLY LINE OF SAID LOT 3, SAID POINT ALSO BEING ON THE NORTHEASTERLY LINE OF THE LANDS OF THE COMMONWEALTH EDISON COMPANY; THENCE NORTH 26° 33' 32" WEST, ALONG SAID WESTERLY LINE OF LOT 3 AND ALONG SAID NORTHEASTERLY LINE OF THE LANDS OF THE COMMONWEALTH EDISON COMPANY, 548.00 FEET TO THE NORTHWEST CORNER OF SAID LOT 3; THENCE NORTH 89° 56' 42" EAST, ALONG THE NORTH LINE OF SAID LOT 3, A DISTANCE OF 548.60 FEET TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

EXHIBIT B:
TIF Boundary Map



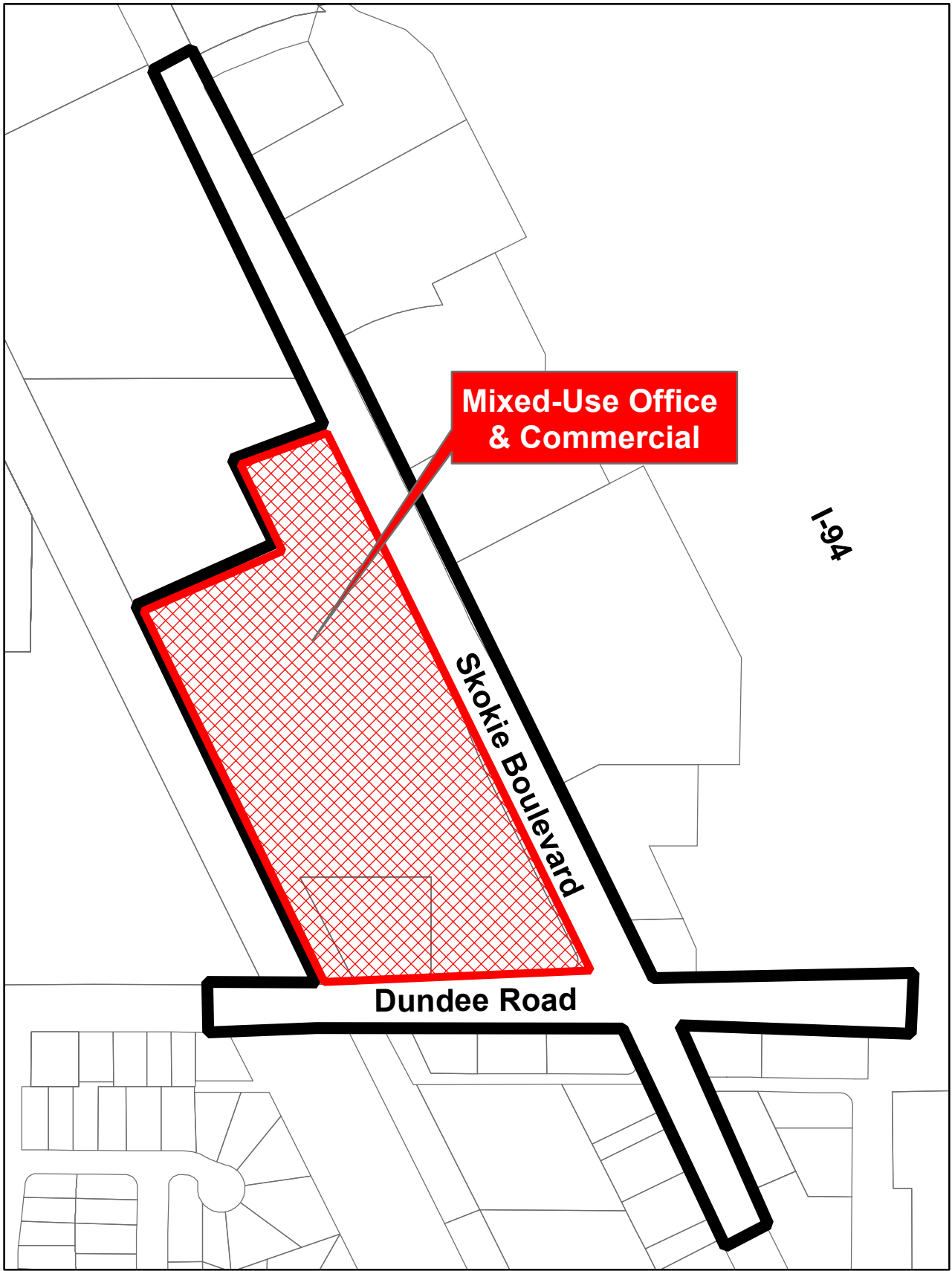
**Dundee Road & Skokie Boulevard TIF District
Amended Boundary Map**

EXHIBIT C:
Existing Land Use Map



**Dundee Road & Skokie Boulevard TIF District
Amended Existing Land Use Map**

EXHIBIT D:
Future Land Use Map



**Dundee Road & Skokie Boulevard TIF District
Amended Future Land Use Map**

EXHIBIT E:
TIF Qualification/Designation Report

**VILLAGE OF NORTHBROOK
TIF QUALIFICATION/DESIGNATION REPORT
PROPOSED DUNDEE ROAD / SKOKIE BOULEVARD TIF DISTRICT**

A study to determine whether a portion of an area located in the Village of Northbrook qualifies as a “blighted area” and a portion of the same area qualifies as a “conservation area” as set forth in the definitions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-3, et. seq., as amended.

Prepared For: Village of Northbrook, Illinois

Prepared By: Kane, McKenna and Associates, Inc.

**Approved by Ordinance No. 06-07
Passed by the Board of Trustees, February 28, 2006**

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I. INTRODUCTION AND BACKGROUND

The purpose of this Eligibility Report is to identify the criteria for establishing a Redevelopment Project Area (“RPA”) by means of “blighted area” and “conservation area” qualification factors, as defined by the Tax Increment Allocation Redevelopment Act (the “Act”) (65 ILCS 5/11-74.4-1, et seq.). The Blighted Area factors refer to the vacant portions of the Redevelopment Project Area (“RPA”) and the Conservation Area factors refer to the improved portion of the RPA.

The Act has been established to assist Illinois municipalities “promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas”. (65 ILCS 5/11-74.4-2(b)).

In the context of planning for the proposed RPA within the boundaries described in the map attached hereto (the “RPA”), the Village of Northbrook (the “Village”) has authorized the study of the RPA within the boundaries described in the map attached hereto in its entirety to determine whether it qualifies for consideration as a Tax Increment Financing District (the “TIF”). Kane, McKenna and Associates, Inc. (“KMA”), has agreed to undertake the study of the RPA.

The RPA is generally bounded by Dundee Road on the south, Skokie Boulevard on the east, the Commonwealth Edison property line on west and commercial properties on the north, (the 500 Combined Center). Adjacent right of ways along Dundee Road and Skokie Boulevard are also included.

The qualification factors discussed within this Report qualify the vacant portion of the RPA as a “blighted area” and the improved portion of the RPA as a “conservation area”, as those terms are hereinafter defined pursuant to 65 ILCS 5/11-74.4-3 et. seq., as amended.

The RPA also possesses the need for traffic improvements. In order to accommodate new or increased uses within the area, upgrades and re-routing of utility services may be needed. The area’s roadways, walkways and ingress and egress also need improvement if new mixed-use commercial, office, and multi-family residential developments are to occur. The Village believes that a TIF District designation will be essential as part of the strategy to address these issues.

OBJECTIVES

Several objectives support the overall goal of area-wide revitalization of the RPA. These include:

1. Encourage mixed-use commercial, office, and multi-family residential development by facilitating the assembly, preparation and marketing of improved and vacant sites, and assisting private developers to assemble suitable sites for modern development needs;

2. Facilitate the remediation of environmental problems to provide additional land for new mixed-use commercial, office, and multi-family residential development, as appropriate;
3. Foster the replacement, repair, and/or improvement of infrastructure, where needed, including streets, curbs, gutters and underground water and sanitary systems in order to facilitate the construction of new mixed-use commercial, office, and multi-family residential development;
4. Support the goals and objectives of the Village's Comprehensive Plan and Business District Plan.
5. Develop the area in relationship to the traffic system for improved accessibility to the area.
6. Coordinate redevelopment efforts with adjacent uses thus improving the surrounding environment.

Given Village goals for its comprehensive planning process and the conditions briefly described above, the Village has made a determination that it is highly desirable to promote the redevelopment of the RPA. Without an implementation plan for redevelopment, Village officials and staff believe current properties will remain underutilized. The Village intends to create and implement such a plan in order to increase tax revenues associated with the RPA and to increase the community's tax base.

Given the conditions of the RPA, the Village is favorably disposed toward supporting redevelopment efforts. However, the Village is determined that redevelopment takes place through the benefit and guidance of comprehensive economic planning by the Village. Through this coordinated effort, the area is expected to improve. Development barriers, inherent with current conditions, which impede economic growth under existing market standards, are expected to be eliminated.

The Village has determined that redevelopment currently planned for the RPA may only be feasible with public financial assistance. The creation and utilization of a TIF District redevelopment plan is intended by the Village to help provide the assistance required to eliminate conditions detrimental to successful redevelopment of the area.

The use of TIF relies upon induced private redevelopment in the RPA creating higher real estate value that would otherwise decline without such investment, leading to increased property taxes compared to the previous land-use (or lack of use). In this way the existing tax base for all tax districts is protected and a portion of future increased taxes are pledged to attract the needed private investment.

II. QUALIFICATION CRITERIA USED

With the assistance of Village staff, KMA examined the RPA in August and September 2005 and reviewed information collected for the area to determine the presence or absence of appropriate qualifying factors listed in the Act. The relevant sections of the Act, for this RPA, include in the following.

The Act sets out specific procedures, which must be adhered to in designating a redevelopment project area. By definition, a "Redevelopment Project Area" is: "an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted area and conservation area."

The Act states "on and after November 1, 1999, "blighted area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

(1) If improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 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 improved part of the redevelopment project area: (65 ILCS 5/11-74.4-3(a).

(A) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

(B) Obsolescence: The condition or process of falling into disuse. Structures become ill-suited for the original use.

(C) Deterioration: With respect to buildings, 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 surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

(D) Presence of Structures Below Minimum Code Standards: All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies: 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.

(G) Lack of Ventilation, Light, or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refer to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

(H) Inadequate Utilities: 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.

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: 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 one exhibiting excessive land coverage are: (i) 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 (ii) the presence of 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 the 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 service.

(J) Deleterious Land-Use or Layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up: The redevelopment project 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.

(L) Lack of Community Planning: The redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) The total equalized assessed value of the redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or 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 prior to the year in which the redevelopment project area is designated.

(2) If vacant, 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:

(A) Obsolete platting of vacant land that results in parcels of limited or narrow size or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.

(B) Diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

(C) 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.

(D) Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

(E) 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.

(F) The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated.

(3) If vacant, the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is 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) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

(A) The area consists of one or more unused quarries, mines, or strip mine ponds.

(B) The area consists of unused railyards, rail tracks, or railroad rights-of-way.

(C) The area, prior to its designation, is subject to (i) chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency or (ii) surface water that discharges from all or a part of the area and contributes to flooding within the same watershed, but only if the redevelopment project provides for facilities or improvements to contribute to the alleviation of all or part of the flooding.

(D) The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.

(E) Prior to November 1, 1999, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph (1) of this subsection, the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

(F) The area qualified as a “blighted area” immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

The Act defines a “conservation area” as follows:

“Conservation area” means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% 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 3 or more of the following factors may be considered as a “conservation area”:

(A) Dilapidation: An advanced state of disrepair or neglect of necessary repairs to the primary structural components of building or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

(B) Obsolescence: The condition or process of falling into disuse. Structures become ill-suited for the original use.

(C) Deterioration: With respect to buildings, 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 surface improvements, that the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas evidence deterioration, including, but limited to, surface cracking, crumbling, potholes, depressions, loose paving material and weeds protruding through paved surfaces.

(D) Presence of Structures Below Minimum Code Standards: All structures that do not meet the standards of zoning, subdivision, building, fire and other governmental codes applicable to property, but not including housing and property maintenance codes.

(E) Illegal Use of Individual Structures: The use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

(F) Excessive Vacancies: 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.

(G) Lack of Ventilation, Light, or Sanitary Facilities: The absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke or other noxious airborne materials. Inadequate natural light and ventilation means the absence of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

(H) Inadequate Utilities: 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.

(I) Excessive Land Coverage and Overcrowding of Structures and Community Facilities: 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 one exhibiting excessive land coverage are: (i) 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 (ii) the presence of 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 the 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 service.

(J) Deleterious Land-Use or Layout: The existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area.

(K) Environmental Clean-Up: The proposed redevelopment project 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.

(L) Lack of Community Planning: The proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards or other evidence demonstrating an absence of effective community planning.

(M) The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or 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 prior to the year in which the redevelopment project area is designated.

The vacant portion of the RPA was examined as a "blighted area" by the definition of the Act. The detailed definition of a "blighted area" is located at the beginning of Section II. The improved portion of the RPA was examined as a "conservation area" by the definition of the Act.

III. THE PROPOSED RPA

The RPA is generally bounded by Dundee Road on the south, Skokie Boulevard on the east, the Commonwealth Edison property line on west and commercial properties on the north, (the 500 Combined Center). Adjacent right of ways along Dundee Road and Skokie Boulevard are also included.

The northern portion of the RPA includes four (4) tax parcels and approximately 14.5 acres, not including right of ways. This area is vacant and once included a former gasoline station (located at the southern portion of the RPA on the northwest corner of Dundee Road and Skokie Boulevard). The property located north of the former gasoline station parcel is wooded or covered in vegetation. These properties are defined as “vacant” in Exhibit 2 attached.

The southern portion of the RPA, facing Dundee Road, includes three (3) tax parcels and approximately 1.2 acres, not including right of ways and is improved with one (1) building that houses a dry cleaning operation and adjacent parcel lots. These properties are defined as “commercial” in Exhibit 2 attached.

IV. METHODOLOGY OF EVALUATION

In evaluating the RPA's potential qualification as a TIF District, KMA reviewed the area in its entirety and utilized the following methodology:

1) Site surveys of the RPA were undertaken by representatives from KMA. Site surveys were completed for each tract of land (based upon Sidwell blocks), within the area.

2) A "Phase I Environmental Sites Assessment" dated August 2005 prepared for EAG Capital Holdings, Inc. by GaiaTech Incorporated.

3) Exterior evaluation of structures, noting such conditions as lack of community planning, obsolescence, deleterious layout and land-use was completed. Additionally, tax levy years 1999 through 2004 Equalized Assessed Valuation ("EAV") information from the Cook County Clerk's Office, Sidwell parcel tax maps, site photographs, site data, local history (discussions with Village staff), and an evaluation of area-wide factors that have affected the area's development (Refer to Section V.). Village redevelopment goals and objectives for the area were also reviewed with Village staff.

4) Existing site conditions were initially surveyed only in the context of checking, to the best and most reasonable extent available, criteria factors of specific site conditions on the parcels. The area was studied in relation to review of available economic development planning reports, Village ordinances, tax levy years 1999 through 2004 EAV information from the Cook County Clerk's Office and Village records, Sidwell parcels tax maps, site photos, site data, local history (discussions with Village staff), and an evaluation of area-wide factors that have affected the area's development (Refer to Section V.).

5) The RPA was examined to assess the applicability required for qualification for TIF designation under the Act.

V. QUALIFICATION OF RPA/ FINDINGS OF ELIGIBILITY

As a result of KMA's evaluation of each parcel in the TIF District, an analysis of each of the eligibility factors summarized in Section II, it has been determined that the following factors are present to support qualification of the RPA as a "conservation area" for an improved property area and as a "blighted area" for vacant property.

IMPROVED AREA FACTORS – CONSERVATION AREA

The south portion of the RPA is found to qualify as a "conservation area" for an improved property area in the Act. The following five (4) factors apply to the three (3) tax parcels located at the south end of the RPA.

1) Age

"Conservation area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which 50% 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 3 or more of the following factors may be considered as a "conservation area":

The only building is located in the south portion of the RPA and is thirty-seven (37) years old based upon Cook County Assessor's data. As a result, 100% of the structures are found to be 35-years of age or older.

2) Deleterious Land-Use or Layout

Deleterious Land-Use or Layout refers to "the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses or uses considered to be noxious, offensive or unsuitable for the surrounding area".

The presence of the dry cleaning operation includes storage trailers, pallets and other outdoor storage in the rear of the building. Storage tanks in the rear of the building require repainting.

3) Lack of Community Planning

Lack of Community Planning refers to "the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning".

The improvements were largely developed before the Village's 1982 Comprehensive Plan was adopted and prior to the approval in November 2002 of the Business Redevelopment District and Plan for Skokie Boulevard. As a result, there are insufficient parking spaces on site, no handicap parking stalls and inadequate signage onsite. Dundee Road access will need to be coordinated with adjacent redevelopment plans in relation to circulation and potential shared access points as part of any redevelopment.

4) Lag in Equalized Assessed Value

“The total equalized assessed value of the proposed redevelopment project area has declined for three (3) of the last five (5) calendar years prior to the year in which the redevelopment project area is designated, or is increasing at an annual rate that is less than the balance of the municipality for three (3) of the last five (5) calendar years, for which information is available or 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 prior to the year in which the redevelopment project area is designated”.

The total Equalized Assessed Value (“EAV”) of the improved portion of the RPA increased at an annual rate that lagged behind the balance of the Village’s EAV four (4) of the last five (5) years.

Year	TIF Improved Area EAV	Percent	Balance of the Village's EAV	Percent Not Available
2004	\$ 1,053,345	7.47%	--	--
2003	\$ 980,152	-0.37%	\$ 1,895,016,833	0.36%
2002	\$ 983,778	6.89%	\$ 1,888,236,370	6.67%
2001	\$ 920,381	12.30%	\$ 1,770,183,905	20.96%
2000	\$ 819,578	-1.20%	\$ 1,463,427,130	-0.59%
1999	\$ 829,529	3.24%	\$ 1,472,110,338	4.21%
1998	\$ 803,506	--	\$ 1,413,396,448	--

Source: Cook County Assessment Office.

5) Deterioration

Surface Improvements:

“With respect to surface improvements, that the condition of roadways, alleys, curbs, gutters, 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 through paved surfaces”.

Cracked or damaged parking surfaces are found in the north and east sides of the property. Parking spaces also require restriping.

VACANT AREA FACTORS – BLIGHTED AREA

The north portion of the RPA is found to qualify as a “blighted area” for a vacant property as defined in the Act. This portion of the RPA includes four (4) tax parcels and approximately 14.5 acres, not including right of ways. This area is vacant and once included a former gasoline station (located at the southern portion of the RPA on the northwest corner of Dundee Road and Skokie Boulevard). The property located north of the former gasoline station parceled is wooded or covered in vegetation.

If vacant, 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:

1) Remediation

“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”.

Six underground storage tanks (“USTs”) and certain impacted soils were removed from the vacant parcel (central foundation area and southern foundation area). A large amount of debris fill material was excavated from the northwest portion of the vacant parcel. On October 12, 1999, the Illinois Environmental Protection Agency granted the subject property a comprehensive No Further Remediation letter for commercial and industrial uses”.

Additionally, “Various areas of construction and demolition debris (including concrete and gravel) were observed scattered across the surface and buried near the surface of the central portion of the site. Abandoned individual groundwater monitoring wells were observed laying on the ground surface in four or five areas across the parcel”.

Some of the “former small USTs were located near two concrete foundation pads (Central foundation pad and south central foundation pad). The tanks and some related impacts were removed. Some residual impacts remain at the areas. Impacts may also be present beneath the remaining concrete pad(s). Additionally, most of previous sample analyses were conducted in 1998 or earlier. Many of the laboratory method detection limits are higher than the current residential clean objectives. Additional investigation and/ or remediation maybe required to address the matter”.

“Review of historical aerial photos indicates that the western portions of the property had been operated as a storage area for a certain duration of time. Previous data have show to meet the commercial cleanup objectives, however, it is possible that future grading plan/ development plan may unearth some impacts in the area”. Since it is possible that future development may unearth some impacts, and the initial No Further Remediation (“NFR”) letters did not reference residential uses, it is possible such impacts may constitute a material impediment to redevelopment activities within the RPA.

Source: “Draft Phase I Environmental Site Assessment – August 2005 as prepared for EAG Capital Holdings, Inc. by GaiaTech Incorporated (the “GaiaTech Report”).

2) Lag in Equalized Assessed Value

“The total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years prior to the year in which the redevelopment project area is designated”.

The total Equalized Assessed Value (“EAV”) of the vacant portion of the RPA increased at an annual rate that lagged behind the balance of the Village’s EAV four (4) of the last five (5) years.

Year	TIF Vacant Area EAV	Percent	Balance of the Village's EAV	Percent Not Available
2004	\$ 2,061,796	15.86%	--	--
2003	\$ 1,779,604	-0.37%	\$ 1,894,217,381	0.36%
2002	\$ 1,786,188	6.89%	\$ 1,887,433,960	6.67%
2001	\$ 1,671,084	7.79%	\$ 1,769,433,202	20.97%
2000	\$ 1,550,311	-5.71%	\$ 1,462,696,397	-0.59%
1999	\$ 1,644,239	3.06%	\$ 1,471,295,628	4.21%
1998	\$ 1,595,351	--	\$ 1,411,801,097	--

Source: Cook County Assessment Office.

The following factor is a single or “stand alone” factor as described in the Act.

Qualification Factor: Unused Disposal Site

The north portion of the area (approximately 2 to 3 acres) included fill materials as described in the Gaia Tech report. Approximately 47,000 tons of debris fill were removed (according to Gaia Tech report), but residual impacts may remain.

VI. SUMMARY OF FINDINGS AND OVERALL ASSESSMENT OF QUALIFICATION

The following is a summary of relevant qualification findings as it relates to the establishment of a TIF District by the Village:

1. The area is contiguous and is greater than 1½ acres in size.
2. Portions of the RPA qualify as a “blighted vacant area” and as an improved “conservation area”. Detailed analyses of the qualification findings are outlined in Section V.
3. All property in the area would substantially benefit by the redevelopment project improvements.
4. The sound growth of taxing districts applicable to the area, including the Village, has been impaired by the factors found present in the area.
5. The area would not be subject to redevelopment without the investment of public funds, including property tax increments.

Conclusion

These findings, in the judgment of KMA, provide the Village with sufficient justification to consider designation of the RPA as a TIF District.

The area has not benefited from coordinated planning efforts by either the public or private sectors. There is a need to focus redevelopment efforts relating to business attraction as well as the coordination of redevelopment efforts for modern uses. There efforts will be important to the area’s continued improvement and preservation of tax base.

The eligibility findings indicate that the area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well being of the Village. Factors indicate the area has not been subject to sound growth and development through investment by private enterprise, and is not likely to be developed but for the assistance of TIF through the establishment of the proposed RPA.

These findings, in the judgment of KMA, provide the Village with sufficient justification to consider designation of the subject area as a TIF District.

EXHIBIT 1: Legal Description

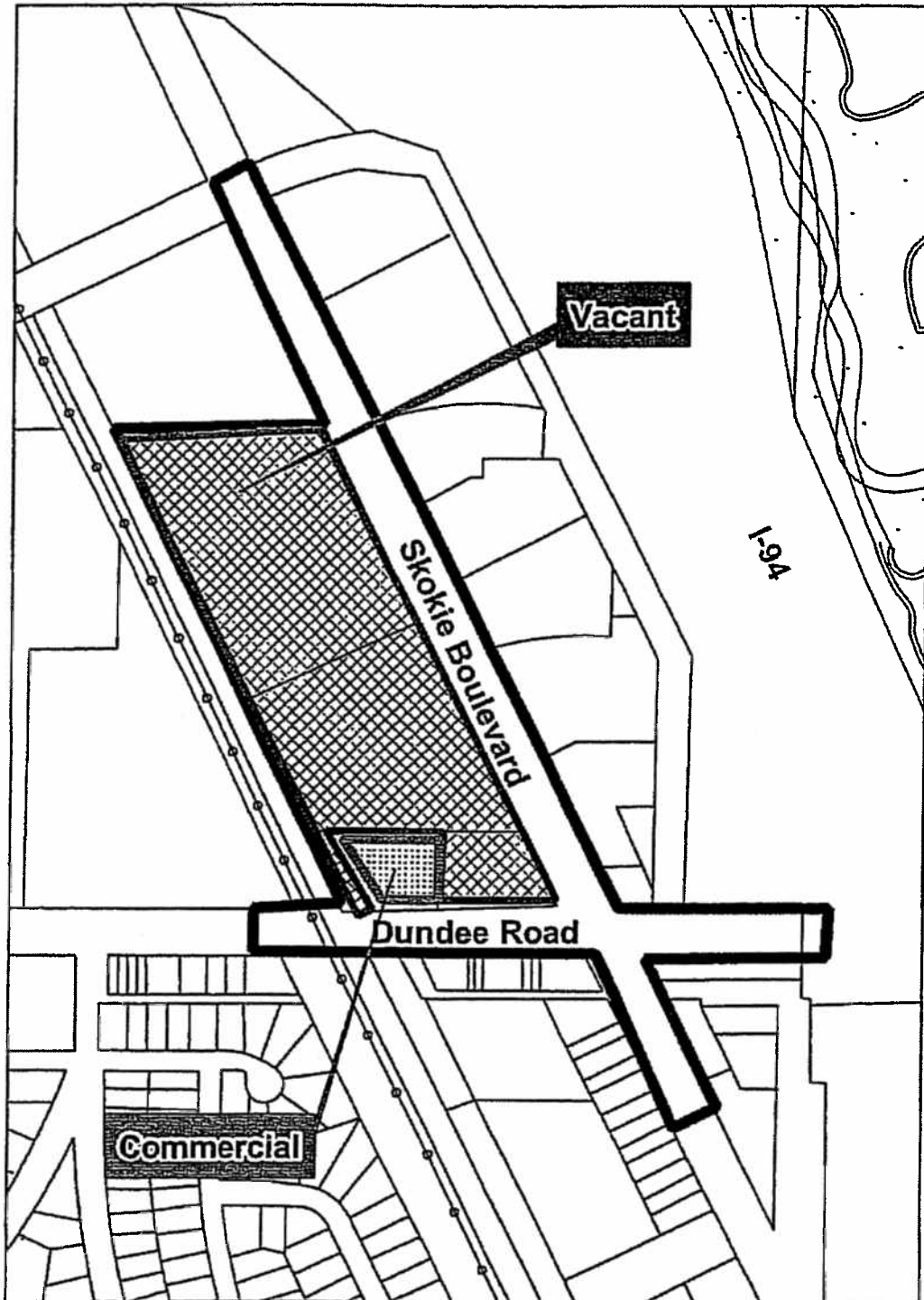
Prepared by: Christopher B. Burke Engineering, LTD.

LEGAL DESCRIPTION

THAT PART OF THE SOUTHWEST QUARTER OF SECTION 1, THE SOUTHEAST QUARTER OF SECTION 2, THE NORTHEAST QUARTER OF SECTION 11 AND THE NORTHWEST QUARTER OF SECTION 12, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF LOT 3 IN LANE PARK SUBDIVISION, BEING A SUBDIVISION IN THE SOUTHEAST QUARTER OF SECTION 2, TOWNSHIP 42 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 15, 1976, AS DOCUMENT NO. 23560771, SAID NORTHEAST CORNER ALSO BEING A POINT ON THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF SKOKIE ROAD (AKA SKOKIE BOULEVARD); THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY LINE TO A POINT THAT IS 100 FEET NORTHWEST OF THE NORTHEAST CORNER OF LOT 2 IN SAID LANE PARK SUBDIVISION AS MEASURED ALONG SAID RIGHT-OF-WAY LINE; THENCE NORTHEASTERLY, PERPENDICULARLY TO THE LAST DESCRIBED COURSE TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID SKOKIE ROAD; THENCE SOUTHEASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE TO A POINT OF INTERSECTION WITH THE NORTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD TO A POINT OF INTERSECTION WITH THE NORTHERLY EXTENSION OF THE EASTERLY RIGHT-OF-WAY LINE OF SUNSET RIDGE ROAD; THENCE SOUTHERLY ALONG SAID NORTHERLY EXTENSION TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID DUNDEE ROAD; THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD TO A POINT OF INTERSECTION WITH THE NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID SKOKIE ROAD; THENCE SOUTHEASTERLY, SOUTHERLY AND SOUTHEASTERLY ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE OF SAID SKOKIE ROAD TO A POINT OF INTERSECTION WITH THE NORTHEASTERLY EXTENSION OF THE NORTHWESTERLY LINE OF LOT 19 IN BLOCK 1 OF HUGHES-BROWN-MOORE CORPORATIONS FIRST ADDITION TO NORTH SHORE VILLA SUBDIVISION, BEING A SUBDIVISION IN THAT PART OF THE NORTHEASTERN QUARTER OF THE NORTHEAST QUARTER OF SECTION 11 ACCORDING TO THE PLAT THEREOF, RECORDED JUNE 29, 1928 AS DOCUMENT NO. 10072908; THENCE SOUTHWESTERLY ALONG SAID NORTHEASTERLY EXTENSION TO THE NORTHEAST CORNER OF SAID LOT 19; THENCE NORTHWESTERLY, WESTERLY AND NORTHWESTERLY ALONG THE SOUTHWESTERLY RIGHT-OF-WAY LINE OF SAID SKOKIE ROAD TO A POINT OF INTERSECTION WITH THE SOUTHERLY RIGHT-OF-WAY LINE OF SAID DUNDEE ROAD; THENCE WESTERLY ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD TO THE NORTHWEST CORNER OF LOT 15 IN BLOCK 2 IN HUGHES-BROWN-MOORE CORPORATIONS "COLLINSWOOD SUBDIVISION", BEING A SUBDIVISION OF THAT PART OF THE NORTHEAST QUARTER AND PART OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 11 ACCORDING TO THE PLAT THEREOF, RECORDED SEPTEMBER 18, 1929 AS DOCUMENT NO. 10482823; THENCE NORTHERLY PERPENDICULARLY TO THE LAST DESCRIBED COURSE TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD; THENCE EASTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE OF DUNDEE ROAD TO THE SOUTHWEST CORNER OF LOT 5 IN SAID LANE PARK SUBDIVISION, SAID SOUTHWEST CORNER OF LOT 5 ALSO BEING A POINT ON THE NORTHEASTERLY LINE OF THE LANDS OF THE COMMONWEALTH

EDISON COMPANY; THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY
LINE OF SAID LANE PARK SUBDIVISION TO THE NORTHWEST CORNER OF
SAID LOT 3; THENCE EASTERLY ALONG THE NORTHERLY LINE OF SAID
LOT 3 TO THE POINT OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

EXHIBIT 2: Existing Land Use Map



Dundee Road & Skokie Boulevard TIF District
Existing Land Use Map

1 inch equals 377.5 feet