

This agreement was prepared by  
and after recording return to:

City of Chicago Law Department  
121 North LaSalle Street, Room 511  
Chicago, IL 60602

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**REDEVELOPMENT AGREEMENT**

**CITY OF CHICAGO**

**AND**

**TRU VUE, INC.**

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This agreement was prepared by and  
after recording return to:

City of Chicago Law Department  
121 North LaSalle Street, Room 511  
Chicago, IL 60602

## TRU VUE, INC. REDEVELOPMENT AGREEMENT

This Tru Vue, Inc. Redevelopment Agreement (this "Agreement") is made as of this 10th day of November, 1993, by and between the City of Chicago, an Illinois municipal corporation ("City"), through its Department of Planning and Development ("DPD"), and Tru Vue, Inc., an Illinois corporation ("Developer").

### RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6 (a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), City has the authority to promote the health, safety, and welfare of City and its inhabitants, to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (1992 State Bar Edition) (the "Act") to finance the redevelopment of blighted areas.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of City (the "City Council") adopted the following ordinances on October 7, 1993: (1) "An Ordinance of the City of Chicago, Illinois, Concerning the Approval of Tax Increment Redevelopment Plan and Project for Eastman/North Branch Redevelopment Area Tax Increment Financing Project"; (2) "An Ordinance of the City of Chicago, Illinois, Concerning the Designation of Eastman/North Branch Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois, Concerning the Adoption of Tax Increment Allocation Financing for Eastman/North Branch Redevelopment Tax Increment Financing Project" (collectively referred to herein as the "TIF Ordinances"). The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: Developer has purchased certain property located within the Redevelopment Area at 1315 N. North Branch Street, Chicago, Illinois 60622 and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.02 hereof, shall commence and complete rehabilitation of

the existing building located at 1315 N. North Branch Street and construction of a new building consisting of not less than 40,000 square feet located immediately to the north and adjacent to the existing building, collectively referred to herein as the "Facilities," and related improvements (including but not limited to those improvements and related activities eligible for TIF Financing (as defined below) and described in Exhibit C hereto and referred to herein as the "TIF-Funded Costs") are collectively referred to herein as the "Project".

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Eastman/North Branch Redevelopment Area Tax Increment Financing Program Redevelopment Plan (the "Redevelopment Plan") attached hereto as Exhibit D.

F. TIF-Funded Costs: Developer agrees to implement the TIF-Funded Costs pursuant to the terms and conditions of this Agreement. Each of the TIF-Funded Costs is necessary to secure redevelopment of the Property.

G. City Financing: City agrees to use a portion of the proceeds of its General Obligation Tender Bonds, Project Series B of 1992 (the "Bonds") issued pursuant to an ordinance adopted by the City Council on July 7, 1992 (the "Bond Ordinance") to finance the TIF-Funded Costs pursuant to the terms and conditions of this Agreement. City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") at some later date in order to redeem or defease that portion of the Bonds used to fund TIF-Funded Costs. All TIF-Funded Costs to be financed from proceeds of the Bonds shall be Project costs eligible for tax increment financing ("TIF Financing") under the Act.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this agreement by reference.

## SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with Developer.

"Certificate" shall mean the Certificate of Completion described in Section 7.01 hereof.

"City Fee" shall mean the fee described in Section 4.03(b) hereof.

"City Funds" shall mean the funds described in Section 4.01 hereof.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.02, Section 3.03 and Section 3.04, respectively.

"Closing Date" shall mean the date on which City will be required to fund the first draw request pursuant to this Agreement and the Escrow Agreement.

"Construction Contract" shall mean that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between Developer and the General Contractor prior to the First Construction Disbursement.

"Corporation Counsel" shall mean City's Office of Corporation Counsel.

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"Environmental Laws" shall mean the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 as amended, any so-called "Superfund" or "Superlien" law, the Toxic Substances Control Act, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree now or hereafter in force regulating, relating to or imposing liability or standards of conduct concerning any Hazardous Material, as now or at any time hereafter in effect.

"Equity" shall mean Developer funds (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.02 hereof.



"Escrow" shall mean the construction escrow established pursuant to the Escrow Agreement.

"Escrow Agreement" shall mean the Escrow Agreement establishing the Escrow, to be entered into as of the date hereof by City, the Title Company and Developer, substantially in the form of Exhibit F attached hereto.

"Event of Default" shall have the meaning set forth in Section 15 hereof.

"Financial Statements" shall mean complete unaudited financial statements of Developer prepared by a certified public accountant.

"First Construction Disbursement" shall mean the first disbursement from the Escrow on or subsequent to the Closing Date related to construction or development costs.

"General Contractor" shall mean the general contractor(s) hired by Developer pursuant to Section 6.01.

"HUD" shall mean the United States Department of Housing and Urban Development.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any environmental law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"Incremental Taxes" shall mean those taxes deposited or to be deposited in City's special tax allocation fund for the purpose of paying certain Project costs and obligations as described in Section 5/11-74.4-8(b) of the Act, as amended from time to time.

"Inspecting Agent" shall have the meaning set forth in Section 3.08 of this Agreement.

"Lender Financing" shall mean Developer funds borrowed from private lenders or from Affiliates of Developer and irrevocably available for the Project, in the amount set forth in Section 4.02 hereof.

"MBE(s)" or minority-owned business shall mean a local business which is at least 51 percent owned by one or more members of one or more minority groups or, in the case of a publicly held corporation, at least 51 percent of the stock of which is owned by one or more members of one or more minority groups, whose management and daily business operations are controlled by one or

more members of one or more minority groups, and which is not an Established Business, as that term is defined in Section 2-92-420(1) of the Municipal Code of Chicago.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims or encumbrances relating to Developer, the Property or the Project.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth on Exhibit H hereto.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project.

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.03(a) hereof.

"Project Budget" shall mean the budget attached hereto as Exhibit I, showing the total cost of the Project by line item, furnished by Developer to DPD (including but not limited to the TIF-Funded Costs), in accordance with Section 3.03 hereof.

"Scope Drawings" shall mean preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

"Survey" shall mean a plat of an ALTA survey of the Property dated within 45 days prior to the Closing, acceptable in form and content to City and the Title Company, prepared by a surveyor registered in the State, certified to City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by HUD (and an "as built" survey to reflect the completed improvements to the Property in connection with the construction of the Facilities and related improvements as required by City or lender(s) providing Lender Financing).

"Term of the Agreement" shall mean the later of: (a) the date on which any and all TIF Bonds evidencing TIF Financing secured in whole or in part by Incremental Taxes generated by the Project shall be redeemed; or (b) the date on which City shall have been fully reimbursed from Incremental Taxes generated by this Project for amounts expended by City for the TIF-Funded Costs; provided, however, that such term shall in no event be longer than the period for which the Redevelopment Area is in effect (through and including September 1, 2016).

"Title Company" shall mean Near North National Title Corporation.

"Title Policy" shall mean a title insurance policy in the most

recently revised ALTA or equivalent form, showing Developer as the insured, issued by the Title Company.

"WBE(s)" or women-owned business means a local business which is at least 51 percent owned by one or more women or, in the case of a publicly held corporation, 51 percent of the stock of which is owned by one or more women, whose management and daily business operations are controlled by one or more women, and which is not an Established Business, as that term is defined in Section 2-92-420(1) of the Municipal Code of Chicago.

### SECTION 3. THE PROJECT

3.01 The Project. Developer shall, pursuant to the Plans and Specifications: (i) commence construction no later than November 15, 1993, provided that Developer receives the approvals described in Section 3.02 by November 15, 1993; in the event that such approvals are delayed, Developer shall commence construction within five days of receipt of such approvals; and (ii) complete construction and conduct business operations therein no later than May 15, 1994, subject to the provisions of Section 18.17 of this Agreement. The dates for commencement and completion of construction shall not apply to the construction of the Traffic Light, as defined in Section 3.13 hereof.

3.02 DPD Approval of Scope Drawings and Plans and Specifications.

(a) Preliminary Approval. The Scope Drawings and Plans and Specifications shall conform to the Redevelopment Plan as amended from time to time and all applicable state and local laws, ordinances and regulations. The City acknowledges that Developer has delivered the Scope Drawings and Plans and Specifications to DPD for its review and written approval, which shall not be unreasonably withheld or delayed. DPD shall respond within 15 days of receipt of the Scope Drawings or the Plans and Specifications, as the case may be, with either a written approval or rejection stating the reasons for such rejection. Developer shall simultaneously submit all such documents to City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project. Any DPD approvals of the Scope Drawings, Plans and Specifications and Change Orders are for purposes of this Agreement only and do not affect or constitute approvals required for building permits or the approvals required pursuant to any City ordinance, code, regulation or any other governmental approvals, nor does any approval by DPD pursuant to this Agreement constitute

approval of the quality, structural soundness or safety of the Project.

(b) Revisions. In the event DPD rejects all or any portion of the Scope Drawings and/or Plans and Specifications as initially presented pursuant to Section 3.02(a), Developer shall have 15 days from the date Developer is notified of such rejection to submit revised or corrected documents to DPD for DPD's written approval. DPD shall respond within 15 days of receipt of such revised or corrected documents, as provided in Section 3.02(a). After the initial approval, subsequent proposed changes shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof.

3.03 Project Budget. Developer has furnished to DPD, and DPD has approved, the Project Budget set forth in Exhibit I attached hereto, dated as of the date hereof showing total costs for the Project in an amount not less than \$4,914,000. Developer hereby certifies to City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to pay all Project costs and (b) to the best of Developer's knowledge after diligent inquiry, the Project Budget is true, correct and complete in all material respects. Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) must be submitted by Developer to DPD for DPD's prior written approval, which shall not be unreasonably withheld or delayed. DPD shall respond within 10 business days of receipt of such Change Order with either a written approval or rejection stating the reasons for such rejection. Developer shall not authorize or permit the performance of any work relating to such Change Order or the furnishing of materials in connection therewith prior to the receipt by Developer of DPD's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of City to increase the amount of the City Funds or provide any other additional assistance to Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders costing less than Twenty-Five Thousand Dollars (\$25,000.00) each, to an aggregate amount of One Hundred Thousand Dollars (\$100,000.00) and reallocation among Private Cost line items and among TIF Funded Cost line items (but not between Private Cost line items and TIF Funded Cost line items), do not require DPD's prior written approval as set forth in this Section 3.04, but DPD shall be notified in writing of all such Change Orders prior to the implementation thereof and Developer, in connection with such notice, shall identify to DPD the source of funding thereof (whether from available contingency or otherwise).

**3.05 DPD Approval.** Any approval granted by DPD of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not affect or constitute any approval required for building permits or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DPD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

**3.06 Other Approvals.** Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, Developer's obligations to comply with the provisions of Section 5.02 hereof. Construction of the Project and purchase of materials shall not proceed until Developer has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding on any work that is to be performed on the public way.

**3.07 Progress Reports and Survey Updates.** Developer shall provide DPD with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04, unless such delay results from the approval process described in Section 3.02 or from Force Majeure, as described in Section 18.17). Developer shall provide three (3) copies of an "as built" survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting the completed improvements made to the Property.

**3.08 Inspecting Agent or Architect.** An independent agent or architect (other than Developer's architect) approved by DPD shall be selected to act as the inspecting agent or architect, at Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project pursuant to the Escrow Agreement.

**3.09 Barricades.** Prior to commencing any construction requiring barricades, Developer shall install a construction barricade of a type and appearance reasonably satisfactory to City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

**3.10 Signs and Public Relations.** Developer shall erect a sign of size and style approved by City in a conspicuous location on the Property during the Project, indicating that financing has

been provided by City. City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding Developer, the Property and the Project in City's promotional literature and communications.

3.11 Utility Connections. Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided Developer first complies with all City requirements of general applicability governing such connections, including the payment of customary fees and costs related thereto.

3.12 Permit Fees. In connection with the Project, Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City and are of general applicability to other property within the City.

3.13 Traffic Light. The City shall prepare the plans and specifications for and construct a traffic light at the intersection of North Branch Street and Division Street (the "Traffic Light"). The sum of \$120,000 is allocated from proceeds of the Bonds for construction of the Traffic Light. Developer and City agree that the installation and maintenance of the Traffic Light is solely the City's responsibility and solely for the benefit of the City, and no obligation on the part of Developer is implied to install or maintain the Traffic Light. The City agrees to indemnify, defend and hold harmless the Developer in connection with all claims, liabilities, costs and expenses arising from the Traffic Light, except those claims, liabilities, costs and expenses arising from Developer's negligence.

3.14 Developer's Authority. In order to further the redevelopment of the Redevelopment Area, City hereby authorizes Developer to oversee the planning, coordination and construction of the Project on the Property in accordance with this Agreement and Developer hereby accepts such authorization.

#### SECTION 4. FINANCING

4.01 City Funds for TIF-Funded Costs. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.01 and Section 5 hereof, City hereby agrees to reserve City funds in an amount described in Section 4.02 hereof for financing the TIF-Funded Costs only (the "City Funds"). Exhibit C sets forth, by line item, the maximum amount of costs and expenses that may be reimbursed from City Funds for TIF-Funded Costs for each such line item. Costs and expenses for TIF-Funded Costs may be reallocated among the line items of TIF-Funded Costs only, with

transfers of costs and expenses between TIF-Funded Costs line items and Private Costs line items being prohibited. City Funds (other than for the Traffic Light and the City Fee) shall be disbursed through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. In case of any conflict between the terms of this Agreement and the Escrow Agreement with respect to the funding of such draw requests, the terms of this Agreement shall control.

4.02 Estimated Cost and Sources. (a) The total estimated cost of the Project is \$4,914,000 to be applied in the manner set forth in Exhibit I. Such costs shall be funded from the following sources:

Equity/Lender Financing	\$4,234,000.00
Estimated City Funds (subject to <u>Section 4.01</u> )	680,000.00
	<hr/>
ESTIMATED TOTAL	\$4,914,000.00

4.03 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by Developer prior to the date hereof, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs and expenses covered by the Project Budget (which approval shall not be unreasonably withheld or delayed) shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right to disallow any such expenditure as a Prior Expenditure. The AIA form Owner's Sworn Statement, being Exhibit J hereto, sets forth the prior expenditures approved by DPD as Prior Expenditures.

(b) City Fee. City may allocate the sum of Sixty Thousand Dollars (\$60,000) for payment of costs incurred by City for the administration and monitoring of the Project from Bond funds. Such fee is an obligation of Developer and shall be disbursed from the City Funds to DPD on the Closing Date, directly rather than through the Escrow.

(c) Developer's Disbursements through the Escrow Agreement. The amount of \$630,000 or such greater or lesser amount pursuant to Change Orders (the "Private Payments"), plus any additional amounts required to be contributed by Developer pursuant to cost overruns as described in Section 4.04 hereof, shall be paid through disbursements from the Escrow (which shall be funded on an "as needed" basis, subject to the satisfaction of the requirements for disbursement pursuant to this Agreement and the Escrow Agreement)

from Private Payments.

(d) Developer's Disbursements Outside Escrow. Developer shall disburse \$3,104,000 or such greater or lesser amount pursuant to Change Orders, as needed, from Developer sources or internal financing (the "Developer Payments") outside the Escrow.

(e) City's Disbursements. The TIF Payments and TIF Expense Payments (as defined in the Escrow Agreement) shall be disbursed through the Escrow pursuant to the Escrow Agreement, provided, however, that the aggregate amount of TIF Payments and TIF Expense Payments will be disbursed on a pro rata basis with the aggregate amount of Private Payments and the Developer Payments at a ratio of 1.00 : 7.46. The City will reimburse Developer through the Escrow for TIF Funded Costs previously funded and disbursed from Private Payments or Developer Payments, provided, however, that after any such disbursement, the ratio of TIF Payments and TIF Expense Payments disbursed to date and Private Payments and Developer Payments disbursed to date is at least 1.00 : 7.46 when subtracting from the amounts disbursed from Private Payments or Developer Payments the amounts that have been previously and are currently being reimbursed to the Developer from TIF Payments and TIF Expense Payments.

4.04 Cost Overruns. If the aggregate cost of the TIF-Funded Costs exceeds City Funds available pursuant to Sections 4.01 and 4.02 hereof, Developer shall be solely responsible for such excess costs, shall contribute such amounts to the Escrow and shall hold City harmless from any and all costs and expenses of completing the TIF-Funded Costs in excess of the City Funds.

4.05 Construction Escrow. Prior to any disbursements, except for Prior Expenditures, City and Developer hereby agree to enter into the Escrow Agreement with the Title Company.

## SECTION 5. CONDITIONS PRECEDENT

The following conditions shall be complied with to City's satisfaction within the time periods set forth below:

5.01 Scope Drawings and Plans and Specifications. Developer shall have submitted to DPD, and DPD shall have approved, the Scope Drawings and Plans and Specifications accordance with the provisions of Section 3.02 hereof.

5.02 Other Governmental Approvals. Not less than five (5) days prior to the First Construction Disbursement, Developer shall have secured all other necessary approvals and permits required by any state, federal or local statute, ordinance or regulation and submit evidence thereof to DPD.

5.03 Financing. Developer shall furnish proof reasonably



acceptable to City that Developer has sufficient funds on hand or irrevocably available to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, Developer shall furnish proof as of the Closing Date that the proceeds thereof are available to be drawn upon by Developer as needed and are sufficient (along with other sources set forth in Section 4.02 hereof) to complete the Project.

5.04 Evidence of Clean Title. Not less than five (5) days prior to the Closing Date, Developer, at its own expense, shall provide City with current state and county level searches under Developer's name (and any trade name of Developer) showing no Uniform Commercial Code security interests, judgments, pending suits, federal or state tax liens or fixture filings filed against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

5.05 Surveys. Not less than five (5) days prior to the Closing Date, Developer shall furnish City with three (3) copies of the Survey.

5.06 Insurance. Developer, at its own expense, shall insure the Property in accordance with Section 12 hereof. Certificates or binders evidencing the required coverages, along with paid receipts, shall be delivered to DPD prior to the execution of this Agreement, in accordance with the requirements of Section 12.

5.07 Opinion of Developer's Counsel. Developer shall furnish City with an opinion of counsel on the Closing Date, substantially in the form attached hereto as Exhibit K, with such changes as may be reasonably required by or acceptable to Corporation Counsel.

5.08 Evidence of Prior Expenditures. No later than 5 days prior to the Closing Date, Developer shall provide evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.03(a) hereof.

5.09 Financial Statements. Developer shall provide Financial Statements to DPD for its 1992 fiscal year, and audited or unaudited interim financial statements, not less than 30 days prior to the Closing Date. Such interim financial statements shall cover a period ending not more than 90 days earlier than the date of receipt thereof by DPD.

5.10 Documentation. Developer shall provide documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters, including proof of additional jobs and employee profiles, and copies of paid receipts of semi-annual real estate taxes.

**5.11 Environmental.** Within 30 days prior to the Closing

Date, Developer shall provide DPD with a letter from the Developer stating the length of time that the Developer or Affiliate has owned the Property, the length of time that the Property has been maintained in its present use, a description of the Property's previous use (if known), whether any evidence of underground storage tanks has been found on the Property and whether Developer or Affiliate has received any notice of violation of any Environmental Laws by the United States Environmental Protection Agency or the Illinois Environmental Protection Agency with respect to the Property.

**5.12 Other Preconditions of Disbursement.** Developer shall satisfy all other preconditions of disbursement of the City Funds as provided in the Bond Ordinance, any certifications or representations made by City in connection with the issuance of the Bonds, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

**SECTION 6. AGREEMENTS WITH CONTRACTORS**

**6.01 Bid Requirement.** Prior to entering into an agreement with a General Contractor for construction of the TIF-Funded Costs in each of the Facilities, Developer shall solicit bids from qualified contractors eligible to do business with the City of Chicago. Developer shall select the General Contractor submitting the lowest responsible bid for a design/build lump sum contract covering the Project and who can complete the Project in a timely manner, and shall submit such bid to DPD for its written approval, which approval shall not be unreasonably withheld or delayed. If Developer selects other than the lowest responsible bid, Developer shall pay the difference between the lowest responsible bid and the bid selected (which shall be treated as a cost overrun pursuant to the provisions of Section 4.04 hereof). DPD shall have the right to inspect all bids submitted and shall have final approval over the bid process, which approval shall not be unreasonably withheld or delayed. The General Contractor shall not begin work on the Project until the Scope Drawings and Plans and Specifications, as provided in Section 3.02 hereof, have been approved by DPD and all requisite permits have been obtained.

**6.02 Construction Contract.** Developer shall enter into the Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above. Within five (5) business days after execution of such contract by Developer, the General Contractor and any other parties thereto, Developer shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

**6.03 Performance and Payment Bonds.** Prior to commencement of

construction, Developer shall require that the General Contractor and each subcontractor for the Project be bonded for any work to be performed in the public way for their performance and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. City shall be named as obligee or co-obligee on any performance or payment bond required for any work to be performed on the public way.

6.04. Employment Opportunity. Developer shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Section 10 hereof.

6.05 Local Contractors and Vendors. Developer shall use its best efforts to ensure that all [sub]contracts entered into in connection with the TIF-Funded Costs for work done, services provided or materials supplied shall be let (by the Developer, the General Contractor or any subcontractor) to persons or entities whose main office and place of business is located within the City of Chicago. The Construction Contract and each contract between the General Contractor and any subcontractor shall contain a provision to this effect.

6.06. Other Provisions. The Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Costs shall be provided to DPD within five business days of the execution thereof.

## SECTION 7. COMPLETION OF PROJECT

7.01. Certificate of Completion. Upon completion of the Project in accordance with the terms of this Agreement, and at Developer's written request, DPD shall issue Developer a Certificate, in recordable form, certifying that Developer has fulfilled its obligation to construct the Project in accordance with the terms of this Agreement; provided, however, that the issuance of any such Certificate shall not operate as a waiver of any of City's rights under this Agreement or any other agreement. Within 15 business days of Developer's written request, DPD shall perform an inspection of the Project and either issue a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement, and any other objections to the issuance of a Certificate which DPD may have, and the measures which must subsequently be taken by Developer in order to obtain the Certificate. Developer may resubmit a written request for a Certificate upon completion of such measures, and DPD shall respond as provided above within 15 business days of such request. Notwithstanding anything herein to the contrary, City and Developer hereby agree that issuance of the Certificate shall not apply to the construction of the Traffic Light.

7.02 Failure to Complete. If Developer fails to complete the Project in accordance with the terms of the Agreement and provided City has complied in all material respects with this Agreement and with the disbursement requirements as set out in the Escrow Agreement, then City shall have the right (but not the obligation) to complete the TIF-Funded Costs and to pay for the costs of the TIF-Funded Costs (including interest costs) out of the City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Costs exceeds the amount of the City Funds available pursuant to Section 4.01 and 4.02, Developer shall reimburse City for all reasonable costs and expenses incurred by City in completing the TIF-Funded Costs in excess of the available City Funds.

### SECTION 3. COVENANTS/REPRESENTATIONS/WARRANTIES OF DEVELOPER

Developer represents, warrants and covenants to City as follows:

8.01 General. Developer represents, warrants and covenants that:

(a) Developer is an Illinois corporation duly organized, validly existing, under the laws of the State, and licensed to do business in every other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) Developer has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by Developer of this Agreement has been duly authorized by all necessary corporate action and will not violate its Articles of Incorporation or by-laws as amended and supplemented, or constitute a breach of, default under, require any consent under or result in the creation of any lien, charge, or encumbrance upon the Project, the Property, or any property of Developer under any agreement, instrument or document to which Developer is now a party or by which Developer is now or may become bound, and to the best of Developer's knowledge, will not violate any applicable provision of law;

(d) unless otherwise permitted pursuant to the terms of this Agreement, Developer holds good, indefeasible and merchantable fee simple title to the Property, and shall maintain said title free and clear of all liens (except for the Permitted Liens and Lender Financing as disclosed in the Project Budget);

(e) Developer is now and until the issuance of a Certificate shall remain solvent and able to pay its debts as they mature;

(f) there are no actions or proceedings by or before any

court, governmental commission, board, bureau or any other administrative agency pending, or to the best of Developer's knowledge, threatened or affecting Developer which would impair its ability to perform under this Agreement;

(g) to the best of Developer's knowledge, Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct and complete the Project;

(h) to the best of Developer's knowledge, Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which Developer is a party or by which Developer is bound;

(i) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of Developer, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of Developer since the date of Developer's most recent Financial Statements;

(j) Prior to the issuance of a Certificate with respect to the Project, Developer shall not do, and shall not permit any subsidiary to do, any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation, or (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of Developer's business; or (4) assume, guarantee or endorse, or otherwise become liable in connection with the obligations of any other person or entity;

(k) Developer has not incurred, and, prior to the issuance of a Certificate, shall not allow, without the prior written consent of the Commissioner of DPD, which consent shall not be unreasonably withheld or delayed, the existence of any liens against the Property other than the Permitted Liens, or incur any indebtedness, secured or to be secured by the Property or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in Section 4.02 hereof and on the Project Budget, or except as disclosed on Exhibit H hereto.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Section 3.02 hereof, and Developer's receipt of all required building permits and governmental approvals, Developer

shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Bond Ordinance, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or Developer.

8.03 Redevelopment Plan. Developer represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

8.04 Use of City Funds. City Funds disbursed to Developer shall be used by Developer solely to pay for the TIF-Funded Costs as provided in this Agreement.

8.05 Other Bonds. Developer shall, at the request of City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for City to issue (in its sole discretion) any bonds in connection with the Project (other than the Bonds) including TIF Bonds, the proceeds of which are to be used to reimburse City for expenditures made in connection with the TIF-Funded Costs; provided, however, that any such amendments shall not have a material adverse effect on Developer or the Project and shall not require the Developer to incur expenses due to third parties that Developer would not otherwise incur in the normal course of business. Developer shall, at Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting City in preparing an offering statement with respect thereto provided, however, that such cooperation shall not require Developer to incur expenses due to third parties that Developer would not otherwise incur in the normal course of business.

8.06 Job Creation and Retention; Covenant to Remain in City. Not less than 55 jobs shall be retained by Developer at the Facilities within six months of the completion thereof; and not less than 20 additional jobs shall be created by Developer as a result of the Project no later than one year after completion of the Project, for a total of 75 jobs to be retained or created by Developer at the Facilities. Developer shall use its best efforts to hire and give preference in hiring to low and moderate income (as defined by the United States Department of Housing and Urban Development) residents of the City.

8.07 Employment Opportunity. Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof.

8.08 Employment Profile. Developer shall submit, and

contractually obligate and cause the General Contractor or any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.09 Prevailing Wage. Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon City's request, Developer shall provide City with copies of all such contracts entered into by Developer or the General Contractor to evidence compliance with this Section 8.09.

8.10 Arms-Length Transactions. Unless DPD shall have given its prior written consent with respect thereto, no Affiliate of Developer may receive any part of the City Funds, directly or indirectly, through reimbursement of Developer pursuant to Section 4.01 or otherwise, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Costs. Developer shall provide information with respect to any entity to receive City Funds (by reimbursement or otherwise), upon DPD's request, prior to any such disbursement.

8.11 Conflict of Interest. Developer represents and warrants that no member, official, or employee of City, or of any commission or committee exercising authority over the Project or the Redevelopment Plan, or any consultant hired by City, owns or controls (or has owned or controlled) any interest, direct or indirect, in Developer's business or the property described in Exhibit B hereto; nor shall any such member, official, employee or consultant participate in any decision relating to Developer's business which affects his or her interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

8.12 Disclosure of Interest. Developer's counsel has no direct or indirect financial ownership interest in Developer, the Property or any other aspect of the Project.

8.13 Financial Statements. Developer shall obtain and provide to DPD Financial Statements for Developer's fiscal year ended February 28, 1993 and for each quarter thereafter until the issuance of a Certificate. In addition, Developer shall submit unaudited Financial Statements on an annual basis as soon as reasonably practical following the close of each fiscal year and for such other quarters as DPD may request for the remainder of the Term of the Agreement. However, the parties hereto agree that said Financial Statements constitute proprietary information and if

under the Freedom of Information Act they qualify as such then they shall be treated as such.

8.14 Insurance. Developer, at its own expense, shall comply with all provisions of Section 12 hereof.

8.15 Non-Governmental Charges. Except for the Permitted Liens, Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. Developer shall, furnish to DPD, within 30 days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question. Developer shall have the right to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge and prevent the imposition of a lien (other than mechanics liens and liens which are automatically imposed by operation of law) or the sale or forfeiture of the Property and, at DPD's request, shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

8.16 Developer's Liabilities. Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder or to repay any material liabilities or perform any material obligations of Developer to any other person or entity. Developer shall immediately notify DPD of any and all events or actions which may materially affect Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8.17 Compliance with Laws. To the best of Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the



Property. Upon City's request, Developer shall provide evidence satisfactory to City of such compliance.

8.18 Recording and Filing. Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the Closing Date in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, Developer shall immediately transmit to City an executed original of this Agreement showing the date and recording number of record.

8.19 Conditional Provisions. The covenants set forth in Exhibit M hereto, in their entirety or selectively, will become effective at the sole option of City and upon City's receipt of an opinion from nationally recognized bond counsel that the effectiveness of those provisions will not adversely affect the tax-exempt status of the Bonds or the TIF Bonds. In the event that City exercises its option to make any covenant(s) in Exhibit M effective, it shall so notify Developer in accordance with Section 17 hereof.

8.20 Survival of Covenants. All warranties, representations, covenants and agreements of Developer contained in this Section 8 elsewhere in this Agreement shall be true, accurate, and complete at the time of Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement, except for the following provisions, which shall terminate upon the issuance of the Certificate:

Sections 3.01 through 3.12  
4.01 through 4.05  
5.01 through 5.05  
5.07 through 5.09  
5.11 through 5.12  
6.01 through 6.06  
7.01, 7.02  
8.01, with the exception of subsection (i)  
8.02 through 8.04  
8.07  
8.09 through 8.12  
8.15  
8.18  
9.01  
11 - first paragraph  
12  
13(ii)  
15.01(b), 15.01(d), 15.01(g) and 15.01(i)  
16

## SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 General Covenants. City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder and that City Funds are available as of the date hereof to perform such obligations in accordance with the terms of this Agreement, and shall remain available to fund City's obligations hereunder as same become due.

9.02 Survival of Covenants. All warranties, representations, and covenants of City contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

## SECTION 10. EMPLOYMENT OPPORTUNITY

Developer and its successors and assigns hereby agree, and shall contractually obligate and cause its or their General Contractor, subcontractors or any Affiliate of Developer operating on the Property (individually an "Employer" and collectively, "Employers") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other such party's provision of services hereunder or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment on the basis of race, color, sex, age, religion, mental or physical disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status or source of income, as defined in the City of Chicago Human Rights Ordinance adopted December 21, 1988, Municipal Code of Chicago, ch. 2-160, Section 2-160-010 et seq., as amended from time to time (the "Human Rights Ordinance"). Each Employer will take affirmative action to insure that applicants are employed and employees are treated during employment without regard to their race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by City setting forth the provisions of this nondiscrimination clause.

(b) To the greatest extent feasible, each Employer shall create training and employment opportunities for the benefit of low

and moderate income residents in the area bounded by Chicago Avenue, Orleans Avenue and the Kennedy Expressway. Moreover, to the greatest extent reasonably possible, contracts for work performed in connection with the Project shall be awarded by Employer to business concerns located in, or owned in substantial part by persons residing in, the area bounded by Chicago Avenue, Orleans Avenue and the Kennedy Expressway.

(c) All solicitation or advertisement for employees placed by or on behalf of any Employer shall state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income.

(d) Each Employer shall make a good faith effort to hire City residents for any temporary or permanent job vacancies created by the construction, development or use of the Facilities. Developer shall submit reports to DPD from time to time detailing its compliance with this provision within 30 days after receipt of a written request from DPD with respect thereto.

(e) Each Employer shall comply with federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1992), and any subsequent amendments and regulations promulgated pursuant thereto.

(f) Developer shall exercise its best efforts to expend at least the following percentages of the total Project Budget for contract participation by MBEs or WBEs in the Project:

MBE Percentage  
25%

WBE Percentage  
5%

This commitment may be met by Developer's status as a MBE or WBE, or by a joint venture with one or more MBEs or WBEs (to the extent of the MBE or WBE participation in such joint venture), by using an MBE or WBE as General Contractor, by subcontracting or causing the General Contractor to subcontract a portion of the work to one or more MBEs or WBEs, by the purchase of materials used in the Project from one or more MBEs or WBEs, or by the indirect participation of MBEs or WBEs in other aspects of Developer's business or by any combination of the foregoing. Those businesses that constitute both an MBE and WBE shall not be credited more than once against Developer's MBE or WBE commitment. Developer may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of MBEs or WBEs in its activities and operations other than the Project. City may require Developer to demonstrate the specific efforts undertaken to involve MBEs and WBEs directly in the

Project. A quarterly report shall be made by Developer to City on all efforts made to achieve compliance with the foregoing provisions. Such reports shall include the name and business address of each MBE and WBE solicited by Developer to work as General Contractor or subcontractor and the responses received to such solicitation, the name and business address of each MBE and WBE actually involved in the Project, a description of the work performed and or products or services supplied, the date and amount of each expenditure and such other information as may assist City in determining Developer's compliance with the foregoing provisions, and the status of any MBE or WBE performing any contract in connection with the Project. City shall have access to Developer's books and records, including without limitation payroll records, tax returns and records and books of account, on five days' notice, to allow City to review Developer's compliance with its commitment to MBE/WBE participation.

(g) Each Employer will include the foregoing provisions in every contract entered into in connection with the Project, and will require the inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any Affiliate operating on the Property so that such provision will be binding upon each contractor or subcontractor or Affiliate, as the case may be.

#### SECTION 11. ENVIRONMENTAL MATTERS

Developer hereby represents and warrants to City that Developer has concluded that no environmental studies are required for construction of the Project and that the Project shall be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance and the Redevelopment Plan.

Without limiting any other provisions hereof, Developer agrees to indemnify, defend and hold City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever (except those arising from the willful misconduct or negligent acts or omissions of City) including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which Developer, or any person directly or indirectly controlling, controlled by or under common control with Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a

land trust in which the beneficial interest is owned, in whole or in part, by Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of City or Developer or any of its subsidiaries under any Environmental Laws relating to the Property.

## SECTION 12. INSURANCE

Developer shall procure and maintain, or cause to be maintained, at its sole cost and expense, at all times throughout the Term of this Agreement, and until each and every obligation of Developer contained in the Agreement has been fully performed, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by Developer, any contractor or subcontractor:

(a) Prior to Execution and Delivery of this Agreement: At least 10 business days prior to the execution of this Agreement, the Developer shall procure and maintain the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, independent contractors, broad form property damage and contractual liability coverages are to be included. The City of Chicago is to be named as an additional insured.

(b) Construction: Prior to the construction of any portion of the Project, Developer shall procure and maintain, or cause to be maintained, the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under or in connection with this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$2,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, explosion, collapse, underground, independent contractors, broad form property damage and contractual liability coverages are to be included. The City of Chicago is to be named as an additional insured.

(iii) Automobile Liability Insurance

When any motor vehicles are used in connection with work to be performed in connection with this Agreement, Developer shall provide Automobile Liability Insurance with limits of not less than \$1,000,000.00 per occurrence combined single limit, for bodily injury and property damage. The City of Chicago is to be named as an additional insured.

(iv) All Risk Builders Risk Insurance

When Developer, any contractor or subcontractor undertakes any construction, including improvements, betterments, and/or repairs, Developer, such contractor or subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities. Coverage extensions shall include boiler and machinery, and flood.

(v) Professional Liability

When any architects, engineers or consulting firms perform work in connection with this Agreement, Professional Liability insurance shall be maintained with limits of \$1,000,000.00. The policy shall have an extended reporting period of two years. When policies are renewed or

replaced, the policy retroactive date must coincide with, or precede, start of work on the project.

(c) Other Provisions

All insurance policies shall provide that City shall be given 30 days prior written notice of any modification, renewal or cancellation. Original certificates of insurance evidencing the required coverages and renewal certificates of insurance or such similar evidence, if the coverages have an expiration or renewal date occurring during the Term of this Agreement or prior to completion of construction of the Project, as applicable, shall be delivered in a timely manner, as herein required, to the City of Chicago, Department of Finance, Risk Management Office, 510 N. Peshtigo Court, Room 5A, 60602. If Developer fails to obtain or maintain any of the insurance policies required under this Agreement or to pay any insurance policies required under this Agreement, or to pay any premium in whole or in part when due, City may (without waiving or releasing any obligation or Event of Default by Developer hereunder) obtain and maintain such insurance policies and take any other action which City deems advisable to protect its interest in the Property and/or the Project. All sums so disbursed by City including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by Developer upon demand by City.

Developer agrees, and shall cause each contractor and subcontractor to agree, that any insurance coverages and limits furnished by Developer and such contractors or subcontractors shall in no way limit Developer's liabilities and responsibilities specified under this Agreement or any related documents or by law, or such contractor's or subcontractor's liabilities and responsibilities specified under any related documents or by law. Developer shall require all contractors and subcontractors to carry the insurance required herein, or Developer may provide the coverage for any or all contractors and subcontractors, and if so, the evidence of insurance submitted shall so stipulate.

Developer agrees, and shall cause its insurers and the insurers of each contractor and subcontractor engaged after the date hereof in connection with the Project to agree, that all such insurers shall waive their rights of subrogation against City.

Developer shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other

federal, state or local regulations concerning the removal and transport of Hazardous Materials.

City maintains the right to modify, delete, alter or change the provisions of this Section 12 so long as such action does not, without Developer's prior written consent, increase the requirements set forth in this Section 12 beyond that which is reasonably customary at such time.

### SECTION 13. INDEMNIFICATION

Developer agrees to indemnify, defend and hold City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by City arising from or in connection with (i) Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Costs or any other Project improvement (except to the extent that City fails to disburse the City Funds in accordance with this Agreement or the Escrow Agreement), or (iii) the existence of any material misrepresentation or omission in the Redevelopment Plan or any other document related to this Agreement and executed by Developer that is the result of information supplied or omitted by Developer or its agents, employees, contractors or persons acting under the control or at the request of Developer or (iv) Developer's failure to cure its misrepresentation in this Agreement or any other agreement relating hereto.

### SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to Developer's loan statements, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available upon three business days' notice at Developer's offices for inspection, copying, audit and examination by an authorized representative of City, at Developer's expense. Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by Developer with respect to the Project.

14.02 Inspection Rights. Any authorized representative of



City shall have access to all portions of the Project and the Property during normal business hours, upon three business days' notice, for the Term of the Agreement.

#### SECTION 15. DEFAULT AND REMEDIES

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by Developer hereunder:

(a) the failure of Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of Developer under this Agreement or under any material provision of any related agreement;

(b) the failure of Developer (subject to applicable periods of notice and cure) to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of Developer under any other agreement with any person or entity if such failure would have a material adverse effect on Developer's business, property, assets, operations or condition, financial or otherwise, provided that said failure does not result from the failure by said person or entity to perform pursuant to said agreement, or otherwise constitutes an excused failure;

(c) the making or furnishing by Developer to City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against Developer or for the liquidation or reorganization of Developer, or alleging that such Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within 60 days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for Developer, for any substantial part of Developer's assets or the institution

of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within 60 days after the commencement thereof;

(g) the entry of any judgment or order against Developer which remains unsatisfied or undischarged and in effect for 30 days after such entry without a stay of enforcement or execution;

(h) the dissolution of Developer or the death of any natural person who owns a material interest in Developer, provided, however, this default provision shall survive for a period of five years after the date of issuance of the Certificate; or

(i) the institution in any court of a criminal proceeding against Developer involving a felony, which is not dismissed within 60 days.

15.02 Remedies. Upon the occurrence of an Event of Default, City may terminate this Agreement and all related agreements, and may suspend disbursement of the City Funds. City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, secure the specific performance of the agreements contained herein, or may secure any other remedy which will not cause the interest on the Bonds or TIF Bonds to become subject to federal income taxation, for failure of performance, or both.

15.03 Curative Period. In the event Developer shall fail to perform a monetary covenant which Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless Developer shall have failed to perform such monetary covenant within 10 days of its receipt of a written notice from City specifying that it has failed to perform such monetary covenant. In the event Developer shall fail to perform a non-monetary covenant which Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless Developer shall have failed to cure such default within 30 days of its receipt of a written notice from City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such 30 day period, Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such 30 day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

15.04 Developer's Remedies. Developer shall be entitled to all remedies available at law or in equity in the event City fails to perform in accordance with this Agreement.



With Copies To: City of Chicago  
Department of Law  
Finance and Economic Development  
Division  
121 North LaSalle Street, Room 511  
Chicago, IL 60602

If to Developer: Tru Vue, Inc.  
1315 N. North Branch Street  
Chicago, Illinois 60622

With Copies To: Polsky & Riordan, Ltd.  
205 North Michigan Avenue, Suite 3909  
Chicago, Illinois 60601  
Attention: Mary Riordan

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two business days following deposit in the mail.

#### SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended without the prior written consent of City and Developer.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of City shall be personally liable to Developer or any successor in interest in the event of any default or breach by City or for any amount which may become due to Developer from City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. City and Developer agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver. Waiver by City or Developer with respect to any breach of this Agreement shall not be considered or treated as

a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by City or Developer in writing.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 Disclaimer. Nothing contained in this Agreement nor any act of City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the Bond Ordinance, the Bond Ordinance shall prevail and control.

18.12 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.13 Form of Documents. All documents required by this Agreement to be submitted, delivered or furnished to City shall be in form and content satisfactory to City.

18.14 Approval. Wherever this Agreement provides for the approval or consent of City or DPD, or any matter is to be to City's or DPD's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by City or DPD in writing and shall not be unreasonably withheld or delayed.

18.15 Assignment. Prior to the issuance by City to Developer of a Certificate pursuant to Section 7 hereof, Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of City. Notwithstanding the issuance of such Certificates, any successor in

interest to Developer under this Agreement shall certify in writing to City its agreement to abide by all remaining executory terms of this Agreement, for the Term of the Agreement. Developer consents to City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon Developer and its successors and permitted assigns and shall inure to the benefit of City, its successors and assigns.

18.17 Force Majeure. For the purposes of any of the provisions of this Agreement, neither the City nor Developer, as the case may be, nor any successor in interest, shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or quantity for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its respective obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

ATTEST:

Tru Vue, Inc.  
an Illinois corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

ATTEST:

CITY OF CHICAGO,  
an Illinois municipal corporation

By: Ernest R. White

City Clerk

By: Valerie B. Jarrett

Valerie B. Jarrett,  
Commissioner, Department  
of Planning and Development

IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

ATTEST:

Tru Vue, Inc.  
an Illinois corporation

By: Rick A. Bowal  
Its: Operations Manager

By: Thomas C. Gubow  
Its: Vice Pres. / Gen. Mgr.

ATTEST:

CITY OF CHICAGO,  
an Illinois municipal corporation

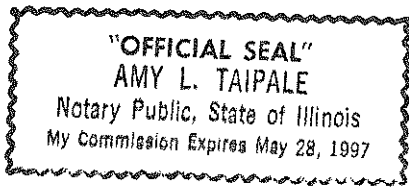
By: \_\_\_\_\_  
City Clerk

By: \_\_\_\_\_  
Valerie B. Jarrett,  
Commissioner, Department  
of Planning and Development



STATE OF ILLINOIS )  
 ) ss  
COUNTY OF COOK )

I, Amy L. TAIPALE, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Thomas L. Graham and Rick Bowald, personally known to me to be the Vice President and Operations Manager of Tru Vue, Inc., an Illinois corporation (the "Corporation"), and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Board of Directors of the Corporation as their free and voluntary act and as the free and voluntary act of the Corporation, for the uses and purposes therein set forth.



Amy L. Taipale  
Notary Public

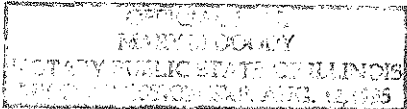
My Commission Expires 5/28/97

(SEAL)

STATE OF ILLINOIS )  
 ) ss  
COUNTY OF COOK )

I, MARY M. DOODY, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that VALERIE B. JARRETT, personally known to me to be the Commissioner of the Department of Planning and Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed, and delivered said instrument pursuant to the authority given to her by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

Mary M. Doody  
Notary Public



My Commission Expires 8-12-95

(SEAL)

EXHIBIT A

LEGAL DESCRIPTION OF BOUNDARY

That part of Elston's Addition to Chicago, being a Subdivision in the West Half of the Northeast Quarter of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian, described as follows:

Beginning at the Southwest corner of Lot 11 in Block 50 in said Elston's Addition, said point being also the point of intersection of the North line of Blackhawk Street and the Easterly line of the North Branch of the Chicago River; thence East on an assumed bearing of North 90 degrees 00 minutes 00 seconds East along the South line and the Easterly extension of said Lot 11 a distance of 804.00 feet to a point in the East line of Cherry Avenue; thence South 1 degree 20 minutes 21 seconds East along said East line of Cherry Avenue, and the Southerly extension thereof, a distance of 833.83 feet to a point in the Northeastery extension of the Southerly line of Eastman Street; thence South 58 degrees 58 minutes 54 seconds West along said Southerly line a distance of 288.35 feet to a point in the Easterly line of Branch Street; thence North 31 degrees 01 minutes 06 seconds West along said Easterly line a distance of 132.10 feet to a bend point in said Easterly line of Branch Street; thence North 1 degree 20 minutes 21 seconds West along said Easterly line a distance of 358.20 feet to a point in a line, said line being the Easterly extension of the south line of Lot 9 in Block 51 in said Elston's Addition; thence South 90 degrees 00 minutes 00 seconds West along said South line and Easterly extension thereof a distance of 354.00 feet to the Southwest corner of said Lot 9, said point being also on the Easterly line of the North Branch of said Chicago River; thence Northeastery along said Easterly line a distance of 513.7 feet, more or less, to the Place of Beginning, all in Cook County, Illinois.

FIN: # 17-05-201-007  
17-05-201-008  
17-05-202-003  
17-05-202-004  
17-05-202-005  
17-05-202-006  
17-05-202-007  
17-05-202-008  
17-05-202-009

## EXHIBIT B

### PARCEL 1:

THAT PART OF LOTS 1 AND 2 AND THE NORTH 100 FEET OF LOTS 3 AND 4 IN OWNERS SUBDIVISION OF BLOCK 52, ELSTON'S ADDITION TO CHICAGO IN SECTION 5, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, WHICH LIES SOUTH OF THE FOLLOWING DESCRIBED LINE: BEGINNING AT THE POINT OF INTERSECTION OF THE EAST LINE OF NORTH NORTH BRANCH STREET WITH A LINE 6 1/2 INCHES SOUTH OF THE NORTH FACE OF BRICK WALLS OF VARIOUS THICKNESSES, SAID POINT BEING 224.33 FEET SOUTH OF THE NORTH WEST CORNER OF SAID LOT 2; THENCE EAST ON LAST MENTIONED LINE AND THE EXTENSION THEREOF TO A POINT IN THE WEST LINE OF NORTH CHERRY AVENUE WHICH IS 224.60 FEET SOUTH OF THE NORTH EAST CORNER OF SAID LOT 1, IN COOK COUNTY, ILLINOIS.

### PARCEL 2:

THE SOUTH 100 FEET OF THE NORTH 200 FEET OF LOTS 3 AND 4 IN OWNER'S SUBDIVISION OF BLOCK 52 IN ELSTON'S ADDITION TO CHICAGO IN THE NORTH EAST QUARTER OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS;

### PARCEL 3:

THE SOUTH TWENTY-FIVE FEET OF LOTS THREE AND FOUR AND ALL OF LOTS FIVE, SIX, AND SEVEN IN OWNER'S SUBDIVISION OF BLOCK FIFTY-TWO IN ELSTON ADDITION TO CHICAGO, IN SECTION FIVE, TOWNSHIP THIRTY-NINE NORTH, RANGE FOURTEEN, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

EXHIBIT C

**TIF-FUNDED COSTS**

<u>Line Item</u>	<u>Cost</u>
Rehabbing of existing building	\$160,000
Excavation/site preparation	164,000
Off-site work	70,000
Engineering	25,000
Soil/water table contingency	34,000
Consultants	17,000
Title, survey, etc.	5,000
Job training	25,000
Traffic Light	120,000
City fee	<u>60,000</u>
Total TIF-Funded Costs	\$680,000

**EXHIBIT D**

# **EASTMAN/NORTH BRANCH**

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Tax Increment Financing  
Redevelopment Project and Plan

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

**EASTMAN/NORTH BRANCH**

**TAX INCREMENT FINANCING  
REDEVELOPMENT PROJECT AND PLAN**

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

**JUNE, 1993**

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# 1 INTRODUCTION

The City of Chicago has recognized the importance of its industrial sector, and has taken a number of steps which should help it maintain its industrial base and provide potential sites for relocating or expanding manufacturing and related firms. One such step was the passage of the enabling ordinance for the Planned Manufacturing District (PMD) in April, 1988.

This ordinance states that its objectives are to:

1. Promote the City's industrial base and maintain the City's diversified economy for the benefit of its citizens;
2. Strengthen the existing manufacturing areas which are suitable in size, location, and character for these types of uses;
3. Encourage industrial investment, modernization, and expansion by providing for stable and predictable industrial environments.

Presently, the City has designated three areas as PMDs-- Clybourn Corridor, Elston Corridor and Goose Island, the location of the property which is the subject of this Redevelopment Project and Plan. All are located on the north side of the City, proximate to the North Branch of the Chicago River and the North Branch Canal.

The City has given Goose Island PMD designation for a number of reasons.

- *Location.* Goose Island is at the southern edge of the North Branch Industrial Corridor. This area benefits from accessibility to O'Hare Airport, Kennedy Expressway, railroads, and the Chicago River as well as proximity to markets, suppliers, and a large skilled labor force.
- *Available Land.* According to a City of Chicago, Planning Department Staff Report to the Chicago Plan Commission, dated August 1990, of the approximately 50 acres of vacant industrial land on the City's north side, excluding that which is adjacent to O'Hare, 27 acres are found on Goose Island. Also, the only industrial site on the north side in excess of five acres is on the Island. This land, however, is underutilized and, prior to the designation, was threatened by residential and commercial development.
- *Relocation Potential.* Existing Chicago industries, desirous of expansion or relocation, are increasingly moving to the suburbs where land is available, acquisition costs are less, and land use is relatively more stable for long term capital investments. Goose Island could help the

City retain and attract a larger share of the metropolitan area's industrial growth and development.

Existing site and development constraints must be overcome before achievement of the City's objectives for the Goose Island PMD can be realized. Since 1983, the City has spent over \$15 million on industrial infrastructure improvements on Goose Island, and additional infrastructure improvements are planned. Although City initiatives and expenditures have stimulated private investment in rehabilitation and new construction within parts of the Goose Island PMD area, the Eastman/North Branch Redevelopment Area (hereinafter designated and defined as the "Redevelopment Project Area") has historically not been subject to growth and development through investment by private enterprise, and is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Tax Increment Financing Redevelopment Project and Plan and the substantial investment of public funds. Historically, private investment has not occurred to any major extent in the Goose Island area except in those areas in which the City has made a substantial investment of public funds.

### **Tax Increment Financing**

In January, 1977, tax increment financing ("TIF") was made possible by the Illinois General Assembly through passage of the *Tax Increment Allocation Redevelopment Act* (hereinafter referred to as the "Act.") The Act is found in Illinois Revised Statutes, Chapter 24, Section 11-74.4-1 *et seq.*, as amended. The Act provides a means for municipalities after the approval of a "redevelopment plan and project" to redevelop "blighted," "conservation" or "industrial park conservation" areas and to finance public redevelopment costs with incremental real estate tax revenues. Incremental real estate tax revenue ("tax increment revenue") is derived from the increase in the equalized assessed valuation ("EAV") of real property within the TIF redevelopment area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate which results in tax increment revenue. A decline in current EAV does not result in a negative real estate tax increment.

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

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

## **The Eastman/North Branch Tax Incremental Redevelopment Plan and Project**

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

This Redevelopment Plan also specifically describes the Redevelopment Project Area and sets forth the blighting factors which qualify the Redevelopment Project Area for designation as a blighted area as defined in the Act.

In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. The "Redevelopment Project" as used herein means any development project which may, from time to time, be undertaken to accomplish the objectives of the Redevelopment Plan.

The Redevelopment Project represents an important economic opportunity for the City of Chicago. By creating an environment for private development, Chicago will strengthen its tax base and establish an atmosphere that creates and retains jobs and a real alternative for companies that might otherwise move to the suburbs or out of state.

The goal of the City of Chicago, however, is to ensure that the entire Redevelopment Project Area be redeveloped on a comprehensive and planned development basis in order to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land-use, pedestrian access, vehicular circulation, parking, service and urban design systems will functionally come together, meeting modern-day principles and standards.
2. On a reasonable, comprehensive and integrated basis to ensure that blighting factors are eliminated.
3. Within a reasonable and defined time period so that the area may contribute productively to the economic vitality of the City.

Redevelopment of the Redevelopment Project Area is a complex undertaking, and it presents challenges and opportunities commensurate with its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. The adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for the redevelopment of the Redevelopment Project Area. By means of public investment, the area will become a stable environment that will again attract private investment. Public investment will set the stage for the rebuilding of the area with private capital.

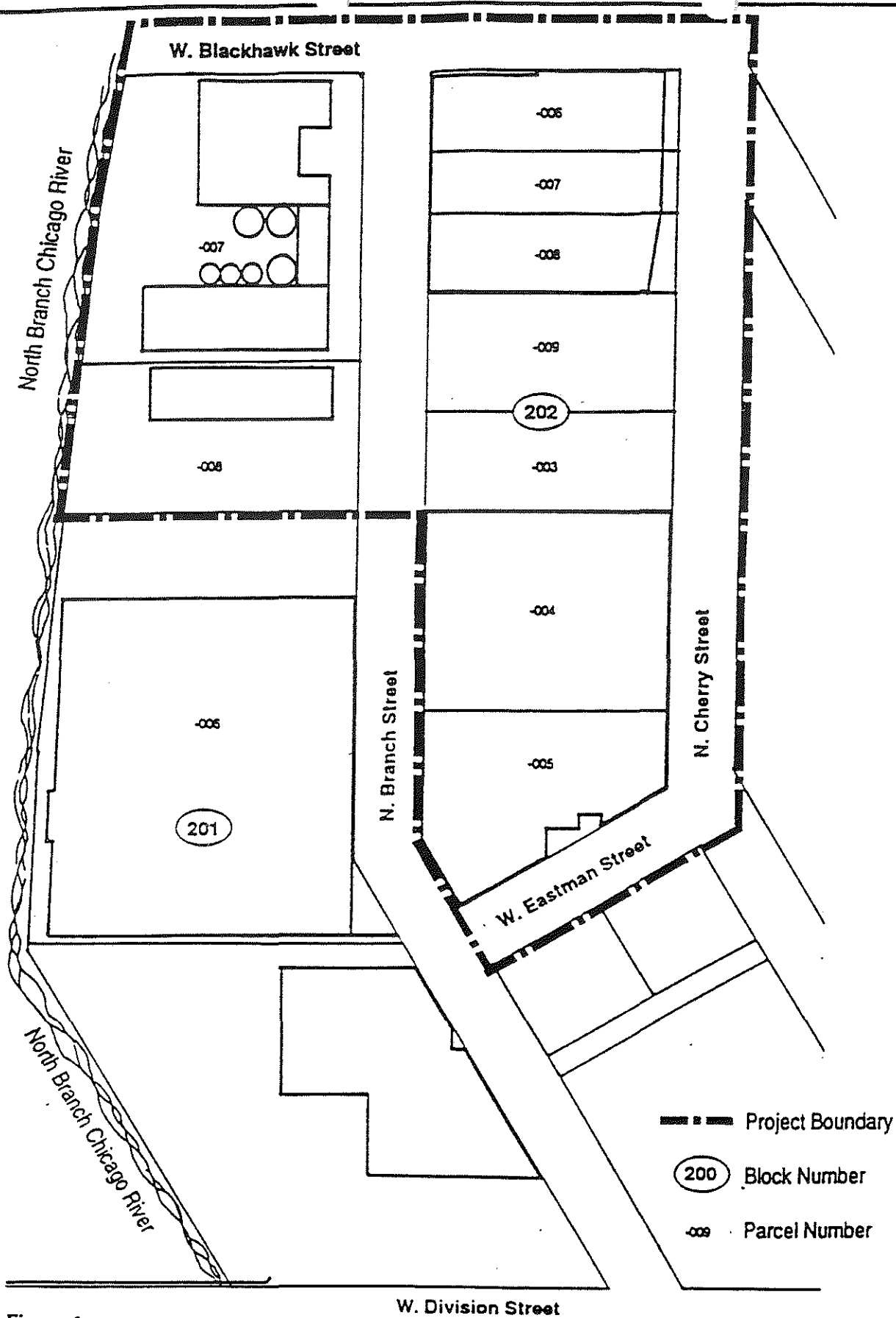
Public and private investment is possible only if tax increment financing is used pursuant to the terms of the Act. The revenue generated by the development will play a decisive role in encouraging private development. Conditions of blight that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan, the City of Chicago will serve as the central force for marshaling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Implementation of this Redevelopment Plan will benefit the City, its neighborhoods and all the taxing districts which encompass the Goose Island area in the form of an expanded tax base, employment opportunities and a wide range of other benefits.

**REDEVELOPMENT PROJECT AREA DESCRIPTION**

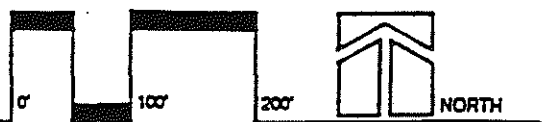
The boundaries of the Eastman/North Branch Redevelopment Project Area (hereinafter referred to as the "Redevelopment Project Area") have been carefully drawn to include only the real property and improvements thereon substantially benefited by the proposed redevelopment project improvements to be undertaken as part of this Redevelopment Plan. The boundaries are more specifically shown in Figure 1, *Boundary Map*, and more particularly described as follows:

That part of Elston's Addition to Chicago, being a Subdivision in the West Half of the Northeast Quarter of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian, described as follows:

Beginning at the Southwest corner of Lot 11 in Block 50 in said Elston's Addition, said point being also the point of Intersection of the North line of Blackhawk Street and the Easterly line of the North Branch of the Chicago River; thence East on an assumed bearing of North 90 degrees 00 minutes 00 seconds East along the South Line and the Easterly extension of said Lot 11 a distance of 604.00 feet to a point in the East line of Cherry Avenue; thence South 1 degree 20 minutes 21 seconds East along said East line of Cherry Avenue, and the Southerly extension thereof, a distance of 833.83 feet to a point in the Northeasterly extension of the Southerly line of Eastman Street; thence South 58 degrees 58 minutes 54 seconds West along said Southerly line a distance of 288.35 feet to a point in the Easterly line of Branch Street; thence North 31 degrees 01 minutes 06 seconds West along said Easterly line a distance of 132.10 feet to a bend point in said Easterly line of Branch Street; thence North 1 degree 20 minutes 21 seconds West along said Easterly line a distance of 358.20 feet to a point in a line, said line being the Easterly extension of the south line of Lot 9 in Block 51 in said Elston's Addition; thence South 90 degrees 00 minutes 00 seconds West along said South line and Easterly extension thereof a distance of 354.00 feet to the Southwest corner of said Lot 9, said point being also on the Easterly line of the North Branch of said Chicago River; thence Northeasterly along said Easterly line a distance of 513.7 feet, more or less, to the Place of Beginning, all in Cook County, Illinois.



**Figure 1**  
**PROJECT BOUNDARY MAP**  
**EASTMAN/NORTH BRANCH**  
**TAX INCREMENT REDEVELOPMENT PROJECT**  
 Chicago, Illinois



Prepared by: Trkla, Pettigrew, Allen & Payne, Inc.

### 3

## **REDEVELOPMENT PROJECT AREA GOALS AND POLICIES**

Managed growth in the form of investment in new development and facilities is essential in the Redevelopment Project Area. Redevelopment efforts in the Redevelopment Project Area will strengthen the entire City through environmental improvements, increased tax base and additional employment opportunities.

The Act encourages the public and private sectors to work together to address and solve the problems of urban growth and development. The joint effort between the City and the private sector to redevelop parts of the Redevelopment Project Area will receive significant support from the financing methods made available by the Act.

This section of the Redevelopment Plan identifies the goals and policies of the City for the Redevelopment Project Area. A later section of this Redevelopment Plan identifies the more specific program which the City plans to undertake in achieving the redevelopment goals and policies which have been identified.

### **General Goals**

- Provide infrastructure improvements within the Redevelopment Project Area.
- Encourage industrial development by eliminating the influences and the manifestations of physical and economic deterioration and obsolescence within the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area.
- Revitalize the Redevelopment Project Area to establish it as an important activity center contributing to the regional and national focus of the City.
- Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties adjacent to the Redevelopment Project Area.
- Provide an increased real estate and sales tax basis for the City of Chicago, the State of Illinois and other taxing districts extending into the Redevelopment Project Area.

## **Policies**

It is the policy of the City of Chicago to:

- Foster the City's industrial base and to maintain the City's diversified economy for the general welfare of its citizens;
- Strengthen existing manufacturing area which are suitable in size, location and character and which the City Council deems may benefit from designation;
- Encourage industrial investment, modernization, and expansion by providing for stable and predictable industrial environments.



4

#### **BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA**

The findings presented in this section are based on surveys and analysis conducted for an area of approximately 11 acres, consisting of nine parcels in a two-block area, including street rights-of-way. The Redevelopment Project Area includes the area generally bounded by West Blackhawk Street, North Cherry Street, West Eastman Street, North Branch Street and the North Branch of the Chicago River.

As set forth in the "Act", "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, if improved, industrial, commercial and residential buildings or improvements, because of a combination of 5 or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; or lack of community planning, is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired by, (1) a combination of 2 or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land, or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused railyards, rail tracks or railroad rights-of-way, or (5) the area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or (is) in proximity to any improvement on real property which has been in existence for at least 5 years and which substantially contributes to such flooding or (6) the area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites, or (7) the area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of the subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

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

On the basis of this approach, the Redevelopment Project Area qualifies as an improved, "blighted area" as defined by the Act.

- Of the fourteen factors set forth in the Act, nine are present in the area.
- The factors present are reasonably distributed throughout the area.
- All parcels within the area show the presence of blight factors.
- The area includes only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

The factors described below and shown in Figure 2, *Summary of Blight Factors* are present in the area:

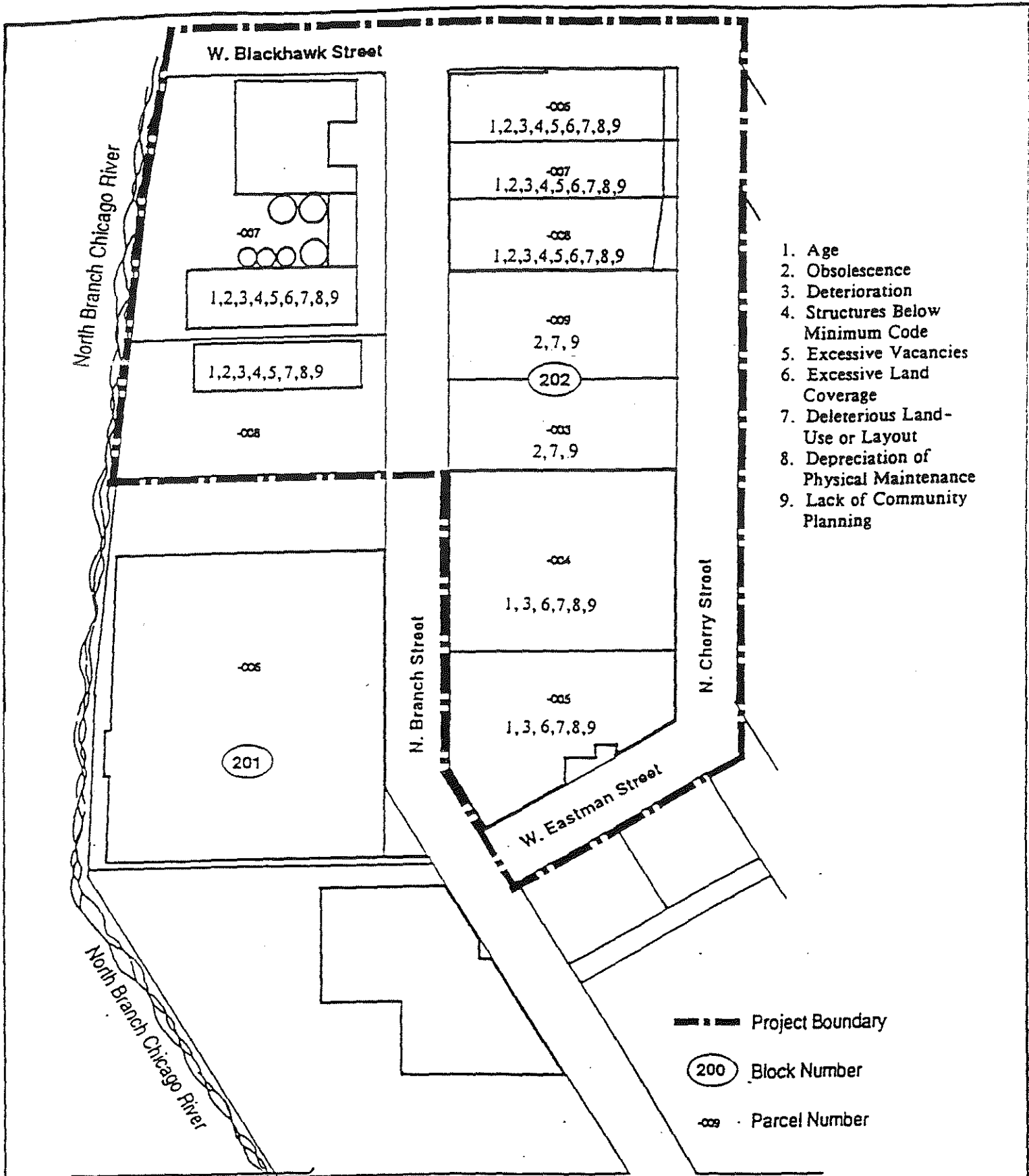
1. **Age**  
Age as a factor is present to a major extent. All three buildings within the area are 35 years of age or older.
2. **Obsolescence**  
Obsolescence as a factor is present to a major extent. Characteristics include obsolete buildings, obsolete streets and obsolete platting.
3. **Deterioration**  
Deterioration as a factor is present to a major extent throughout the area. Conditions contributing to this factor include deteriorating structures and deteriorating streets.
4. **Existence of Structures Below Minimum Code**  
Structures below minimum code as a factor is present to a major extent, affecting all buildings with advanced defects which are below the City's code standards for existing buildings.
5. **Excessive Vacancies**  
Excessive vacancies as a factor is present to a major extent and includes two of the three large buildings and property within the area.
6. **Excessive Land Coverage**  
Excessive land coverage as a factor is present to a major extent. Of the three properties, buildings coverage includes 100 percent on one site and 75 percent on the remaining sites. Excessive land coverage conditions results in limited provision for off-street parking, loading and service.
7. **Deleterious Land-Use or Layout**  
Deleterious land-use or layout is present to a major extent throughout the area. Conditions contributing to this factor include parcels of limited size and irregular shape and lack of proper placement/setback of buildings.
8. **Depreciation of Physical Maintenance**  
Depreciation of physical maintenance is present to a major extent. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and storage areas, and streets.

9. **Lack of Community Planning**

Lack of community planning as a factor is present to a major extent throughout the area. Conditions contributing to this factor include parcels of inadequate size or irregular shape for contemporary development in accordance with current day needs and standards, the existence of a poorly arranged system of streets and lack of reasonable development controls for building setbacks, and off-street parking. Additionally, the area was developed without the benefit of community planning guidelines and standards.

The analysis above is based upon surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. The surveys and analyses conducted include:

1. Exterior survey of the condition and use of each building, and interior survey of one building;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing uses and their relationships;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Comparison of surveyed buildings to property maintenance and other codes of the City;
6. Analysis of original and current platting and building size and layout;
7. Analysis of building floor area and site coverage; and
8. Review of previously prepared plans, studies and data.



**Figure 2**  
**SUMMARY OF BLIGHT FACTORS**  
**EASTMAN/NORTH BRANCH**  
**TAX INCREMENT REDEVELOPMENT PROJECT**  
 Chicago, Illinois



Prepared by: Trkla, Pettigrew, Allen & Payne, Inc.

**EASTMAN/NORTH BRANCH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT**

This section presents the overall program to be undertaken by the City of Chicago or by private developers acting under redevelopment agreements with the City. It includes a description of redevelopment plan and project objectives, a description of redevelopment activities, a general land-use plan, estimated redevelopment project costs, a description of sources of funds to pay redevelopment project costs, a description of obligations that may be issued, identification of the most recent equalized assessed valuation of properties in the Redevelopment Project Area, and an estimate of anticipated equalized assessed valuation.

In the event the City determines that implementation of certain activities or improvements is not feasible, the City may reduce the scope of the overall program and Redevelopment Project.

**Redevelopment Objectives**

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a blighted area. Section 4 of this Redevelopment Plan *Blighted Area Conditions Existing in the Redevelopment Project Area* describes existing blighting conditions.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, taxable values, and job opportunities.
- Assemble land into parcels functionally adaptable with respect to shape and size for disposition and redevelopment in accordance with contemporary development needs and standards.
- Create an environment which stimulates private investment in new construction, expansion, and rehabilitation.
- Achieve development which is integrated both functionally and aesthetically with nearby existing development, and which contains a complementary mix of uses.
- Encourage a high-quality appearance of buildings, rights-of-way, and open spaces, and encourage high standards of design.
- Provide sites for needed public improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with accepted design criteria for such facilities.
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts.

- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Redevelopment Project Area.
- Implement and achieve the Redevelopment Project Area Goals and Policies as set forth in Section 3 of this Redevelopment Plan.

### **Redevelopment Plan and Project Activities**

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

#### **1. Property Acquisition, Site Preparation, Demolition and Relocation**

Property acquisition and land assembly by the private sector for redevelopment in accordance with this Redevelopment Plan will be encouraged. To achieve the renewal of the Redevelopment Project Area, property identified in *Development Program*, Figure 3, attached hereto and made a part hereof, may be acquired by purchase, exchange or long-term lease by the City of Chicago and cleared of all improvements and either (a) sold or leased for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or recreational facilities. The City may determine that to meet the goals, policies or objectives of this Redevelopment Plan property may be acquired where: a) the current use of the property is not permitted under this Redevelopment Plan; b) the exclusion of the property from acquisition would have a detrimental effect on the disposition and development of adjacent and nearby property; or c) the owner or owners are unwilling or unable to conform the property to the land-use and development objectives of this Redevelopment Plan. Further, the City may require written redevelopment agreements with developers before acquiring any properties.

Clearance and demolition activities will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized. Clearance and demolition activities will include demolition of buildings, breaking-up and removal of old foundations, excavation and removal of soil and other materials to create suitable sites for new development and to provide for storm drainage.

As an incidental but necessary part of the redevelopment process, the City may devote property which it has acquired to temporary uses until such property is scheduled for disposition and redevelopment.

#### **2. Provision of Public Improvements**

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

A. **Seawall Reconstruction**

The existing seawall along the west line of the redevelopment site is in a seriously deteriorated condition and will require complete reconstruction.

B. **Utility Relocation**

Existing on site utilities, including sewer and water lines, are improperly located and of inadequate size and capacity to serve new industrial development. Relocation or replacement of utilities will be required.

3. **Job Training and Related Educational Programs**

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

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

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

5. **Redevelopment Agreements**

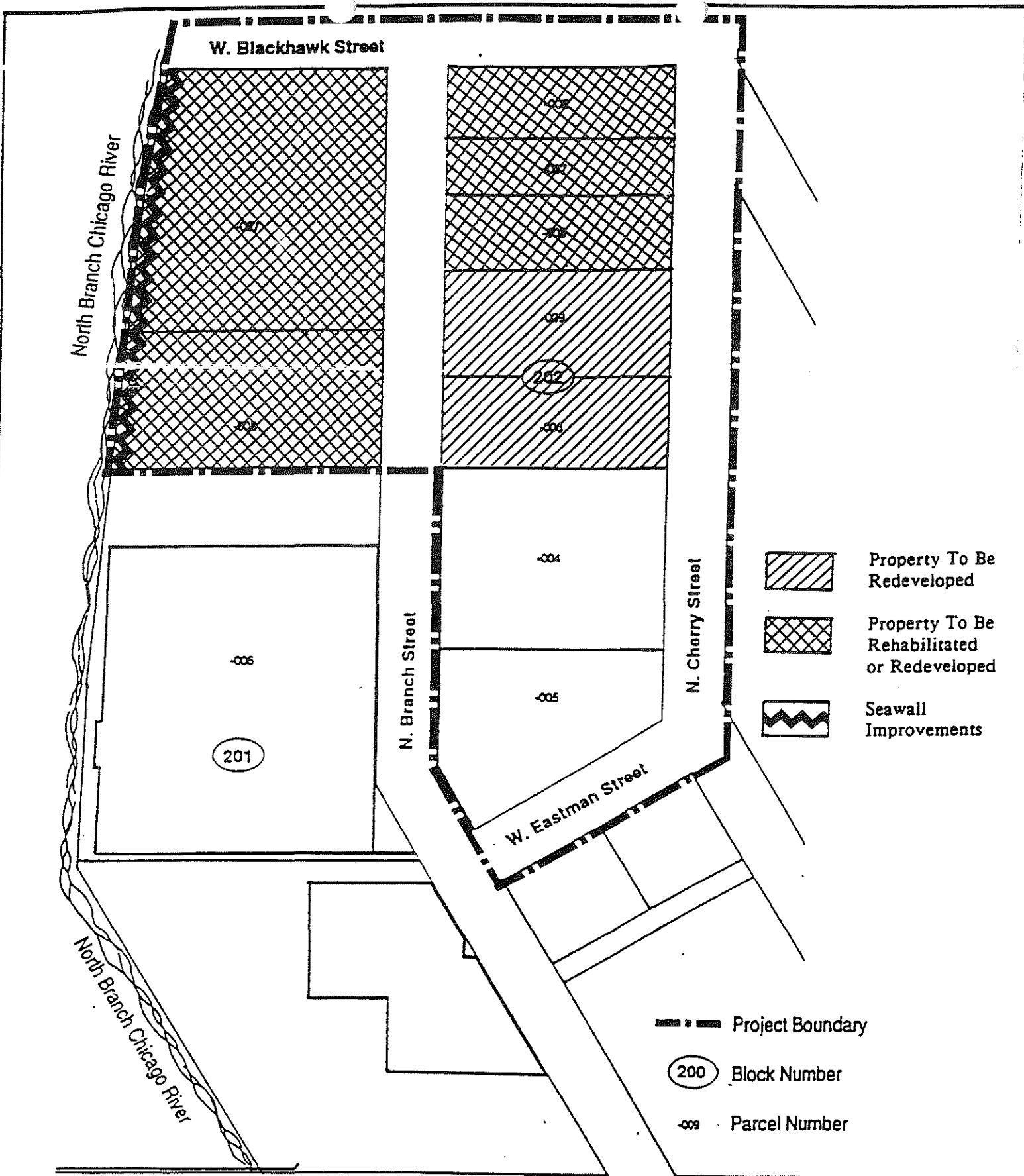
Land assemblage which may be by purchase, exchange, donation, lease, or eminent domain shall be conducted for (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Terms of conveyance shall be incorporated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

### **General Land-Use Plan**

The *Land-Use Plan*, Figure 4, attached hereto and made a part hereof, identifies land-uses and public rights-of-way to be in effect upon adoption of this Redevelopment Plan. The major land-use category included within the Redevelopment Project Area is Planned Manufacturing.

The Redevelopment Plan and the Redevelopment Project conform to the 1966 comprehensive plan for development of the City of Chicago as a whole. Further, the Redevelopment Plan and Redevelopment Project are consistent with, and are established pursuant to implementation of, general municipal development objectives and policies contained in development plans previously adopted by the City of Chicago.

All major thoroughfares and street rights-of-way are shown on the *Land-Use Plan* map. Their locations are subject to modification.



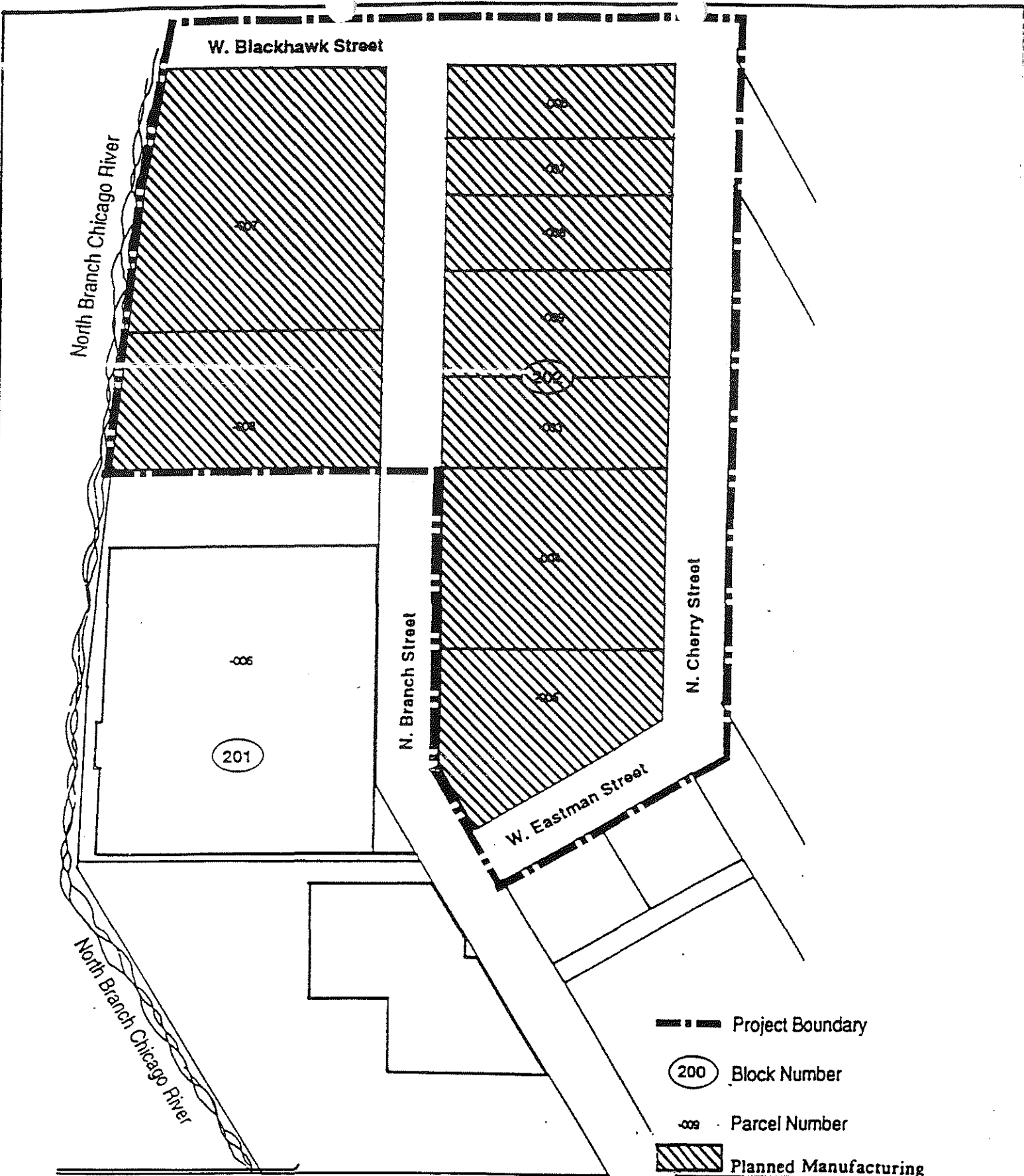
**Figure 3**  
**DEVELOPMENT PROGRAM**  
**EASTMAN/NORTH BRANCH**  
**TAX INCREMENT REDEVELOPMENT PROJECT**

Chicago, Illinois



Prepared by: Trkla, Pettigrew, Allen & Payne, Inc.





**Figure 4**  
**LAND-USE PLAN**  
**EASTMAN/NORTH BRANCH**  
**TAX INCREMENT REDEVELOPMENT PROJECT**

Chicago, Illinois



Prepared by: Trkla, Pettigrew, Allen & Payne, Inc.

The Land-Use Plan as designated in Figure 4 provides a guide for future land-use improvements and developments within the Redevelopment Project Area.

The following uses are permitted in the Goose Island Planned Manufacturing District, inclusive, provided that within 300 feet of a Residential District all business, servicing or processing shall take place within completely enclosed buildings. Within 300 feet of a Residential District, all storage, except of motor vehicles, shall be within completely enclosed buildings or may be located out-of-doors if it is effectively screened by a solid wall or fence (including solid entrance and exit gates).

1. Any production, processing, cleaning, servicing, testing, repair, or storage of materials, goods, products or information
2. Cartage and express facilities
3. Contractor, construction or demolition offices, shops or yards
4. Dwelling units for watchmen
5. Earth station antennas not to exceed 8 feet
6. Fuel and ice sales, if located in completely enclosed buildings
7. Garage and parking lots for motor vehicles
8. Occupational health and safety medical clinics
9. Offices, business and professional, not below the second floor
10. Public utility and public services uses
11. Recycling facilities, Class I, II, III
12. Retail sales rooms or areas, provided that the sales conducted therein (i) are limited to materials, goods, products, or information which, in whole or in part, are manufactured or processed (including production, fabrication, conversion, alteration or recycling) upon the same zoning lot as such sales rooms or areas are located and (ii) do not exceed 20 percent of the floor area upon the zoning lot devoted to such manufacture or processing.
13. Signs, as regulated
14. Storage, warehousing and wholesale establishments
15. Storage of flammable liquids, above ground in tanks in excess of capacity limits set forth in Section 10.10-3(1)a. only as provided for in Chapter 60-52 of the Municipal Code of Chicago, as amended, as a planned development.

16. Temporary buildings for construction purposes, for a period not to exceed the duration of such construction.

17. Accessory uses

Special uses, performance standards, and use and bulk regulations as set forth in the Chicago Zoning Ordinance are applicable to development within the Redevelopment Project Area.

#### **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, and any such costs incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

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

10. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code;
11. Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
  - a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
  - b. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
  - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
  - d. the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to this Act or such greater amount as may be hereinafter authorized by law, including by P.A. 86-1398.

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

**Table 1  
DIVISION/ NORTH BRANCH REDEVELOPMENT PROGRAM  
ESTIMATED REDEVELOPMENT PROJECT COSTS**

**PROGRAM ACTION/IMPROVEMENT**

Demolition and Site Preparation	\$200,000
Street and Utility Improvements	\$1,400,000
Seawall Improvements	\$500,000
Relocation	\$500,000
Job Training and Related Educational Programs	\$160,000
Analysis, Studies, Surveys, Legal, et al.	\$75,000
<b>GROSS PROJECT COST</b>	<b>\$2,835,000 *</b>

\* Exclusive of capitalized interest, issuance cost, administrative cost, interest and other financing cost.

**Sources of Funds to Pay Redevelopment Project Costs**

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

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

**Issuance of Obligations**

The City may issue obligations secured by the tax increment special tax allocation fund pursuant to Section 11-74.4-7 of the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area, such ultimate retirement date occurring in the year 2016. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal of and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory sinking fund redemptions.

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

**Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area**

Table 2 lists the most recent proposed 1992 equalized assessed valuation of property in the Redevelopment Project Area. The total estimated equalized assessed valuation for the Redevelopment Project Area is \$2,096,729.

**Anticipated Equalized Assessed Valuation**

By the year 1996, when the initial phase of redevelopment is expected to be completed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at approximately \$3,000,000. This estimate is based on several key assumptions, including: 1) Redevelopment for the uses specified in this Redevelopment Plan will occur in a timely manner; 2) the market value of the recommended industrial development will increase following completion of the redevelopment activities described in the Redevelopment Plan; and 3) the four-year average for the State Multiplier of 1.9717 as applied to 1992 assessed values will remain unchanged.

**TABLE 2  
SUMMARY OF PROPOSED 1992 EQUALIZED ASSESSED VALUATIONS**

<u>Block Number</u>	<u>Equalized Assessed Value</u>
17-05-201	\$ 451,837
17-05-202	<u>1,644,893</u>
Total	\$2,096,729

This figure is subject to final verification. Initial EAV is estimated to be \$2,096,729. After verification, the correct figures shall be certified to by the County Clerk of Cook County, Illinois.

6

## **PHASING AND SCHEDULING OF REDEVELOPMENT PROJECT**

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

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

7

**PROVISIONS FOR AMENDING THIS REDEVELOPMENT**

This Eastman/North Branch Tax Increment Redevelopment Project and Plan may be amended pursuant to the provisions of the Act.



**8**

**AFFIRMATIVE ACTION PLAN**

The City is committed to and will affirmatively implement the following principles with respect to the Eastman/North Branch Tax Increment Redevelopment Plan and Project:

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

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



THE AMERICAN INSTITUTE OF ARCHITECTS



AIA Document A191

Standard Form of Agreement Between Owner and Design/Builder 1985 EDITION

THIS DOCUMENT HAS IMPORTANT LEGAL CONSEQUENCES; CONSULTATION WITH AN ATTORNEY IS ENCOURAGED.

This Document comprises two separate Agreements: Part 1 Agreement—Preliminary Design and Budgeting and Part 2 Agreement—Final Design and Construction. Hereinafter, the Part 1 Agreement is referred to as Part 1 and the Part 2 Agreement is referred to as Part 2.

PART 2 AGREEMENT—FINAL DESIGN AND CONSTRUCTION

AGREEMENT

made as of the 23rd day of August in the year of Nineteen Hundred and Ninety-Three

BETWEEN the Owner: Tru Vue, Inc. 1315 N. North Branch Street Chicago, Illinois 60622

and the Design/Builder: CHAPPLE CORPORATION 665 Walnut Street Elmhurst, Illinois 60126

For the following Project:

(Include Project name, location and detailed description of scope.)

Construct 44,000 sq. ft. building addition as specified in Chapple Corporation, Proposal #10380-R4, dated August 16, 1993

The architectural services described in Article 2 will be provided by the following person or entity who is lawfully licensed to practice architecture:

(Name and address) Pence-Schwartz & Associates 386 N. York Road Elmhurst, Illinois 60126

The Owner and the Design/Builder agree as set forth below.

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## Terms and Conditions—Part 2 Agreement

### **ARTICLE 1** **GENERAL PROVISIONS**

#### **1.1 BASIC DEFINITIONS**

1.1.1 The Contract Documents consist of the Design/Builder's Proposal identified in Article 14, this Part 2, the Construction Documents approved by the Owner in accordance with Subparagraph 2.2.2 below and Modifications issued after execution of Part 2. A Modification is a Change Order or a written amendment to Part 2 signed by both parties. These form the Contract, and are as fully a part of the Contract as if attached to this Part 2 or repeated herein.

1.1.2 The Project is the total design and construction for which the Design/Builder is responsible under Part 2, including all professional design services and all labor, materials and equipment used or incorporated in such design and construction.

1.1.3 The Work comprises the completed construction designed under the Project and includes labor necessary to produce such construction, and materials and equipment incorporated or to be incorporated in such construction.

#### **1.2 EXECUTION, CORRELATION AND INTENT**

1.2.1 This Part 2 shall be signed in not less than duplicate by the Owner and Design/Builder.

1.2.2 It is the intent of the Owner and Design/Builder that the Contract Documents include all items necessary for proper execution and completion of the Work. The Contract Documents are complementary, and what is required by any one shall be as binding as if required by all. Work not covered in the Contract Documents will not be required unless it is consistent with and is reasonably inferable from the Contract Documents as being necessary to produce the intended results. Words and abbreviations which have well-known technical or trade meanings are used in the Contract Documents in accordance with such recognized meanings.

#### **1.3 OWNERSHIP AND USE OF DOCUMENTS**

1.3.1 The drawings, specifications and other documents furnished by the Design/Builder are instruments of service and shall not become the property of the Owner whether or not the Project for which they are made is commenced. Drawings, specifications and other documents furnished by the Design/Builder shall not be used by the Owner on other projects, for additions to this Project or, unless the Design/Builder is in default under Part 2, for completion of this Project by others, except by written agreement relating to use, liability and compensation.

1.3.2 Submission or distribution of documents to meet official regulatory requirements or for other purposes in connection with the Project is not to be construed as publication in derogation of the Design/Builder's or the Architect's common law copyrights or other reserved rights. The Owner shall own neither the documents nor the copyrights.

### **ARTICLE 2** **DESIGN/BUILDER**

#### **2.1 SERVICES AND RESPONSIBILITIES**

2.1.1 Design services shall be performed by qualified architects, engineers and other professionals selected and paid by the Design/Builder. The professional obligations of such persons shall be undertaken and performed in the interest of the Design/Builder. Construction services shall be performed by qualified construction contractors and suppliers, selected and paid by the Design/Builder, and acting in the interest of the Design/Builder. Nothing contained in Part 2 shall create any professional obligation or contractual relationship between such persons and the Owner.

#### **2.2 BASIC SERVICES**

2.2.1 The Design/Builder's Basic Services are described below and in Article 14.

2.2.2 Based on the Design/Builder's Proposal, the Design/Builder shall submit Construction Documents for review and approval by the Owner. Construction Documents shall include technical drawings, schedules, diagrams and specifications, setting forth in detail the requirements for construction of the Work, and shall:

- .1 develop the intent of the Design/Builder's Proposal in greater detail;
- .2 provide information customarily necessary for the use of those in the building trades; and
- .3 include documents customarily required for regulatory agency approvals.

2.2.3 The Design/Builder shall assist the Owner in filing documents required to obtain necessary approvals of governmental authorities having jurisdiction over the Project.

2.2.4 Unless otherwise provided in the Contract Documents, the Design/Builder shall provide or cause to be provided and shall pay for design services, labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation and other facilities and services necessary for proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work.

2.2.5 The Design/Builder shall be responsible for and shall coordinate all construction means, methods, techniques, sequences and procedures.

2.2.6 The Design/Builder shall keep the Owner informed of the progress and quality of the Work.

2.2.7 If requested in writing by the Owner, the Design/Builder, with reasonable promptness and in accordance with time limits agreed upon, shall interpret the requirements of the Contract Documents and initially shall decide subject to demand for arbitration, claims, disputes and other matters in question relating to performance thereunder by both Owner and Design/Builder. Such interpretations and decisions shall be in writing, shall not be presumed to be correct and shall be given such weight as the arbitrator(s) or the court shall determine.

2.2.8 The Design/Builder shall correct Work which does not conform to the Construction Documents.

2.2.9 The Design/Builder warrants to the Owner that materials and equipment incorporated in the Work will be new unless otherwise specified, and that the Work will be of good quality, free from faults and defects, and in conformance with the Contract Documents. Work not conforming to these requirements shall be corrected in accordance with Article 9.

2.2.10 The Design/Builder shall pay all sales, consumer, use and similar taxes which were in effect at the time the Design/Builder's Proposal was first submitted to the Owner, and shall secure and pay for building and other permits and governmental fees, licenses and inspections necessary for the proper execution and completion of the Work which are either customarily secured after execution of Part 2 or are legally required at the time the Design/Builder's Proposal was first submitted to the Owner.

2.2.11 The Design/Builder shall give notices and comply with laws, ordinances, rules, regulations and lawful orders of public authorities relating to the Project.

2.2.12 The Design/Builder shall pay royalties and license fees. The Design/Builder shall defend suits or claims for infringement of patent rights and shall save the Owner harmless from loss on account thereof, except that the Owner shall be responsible for such loss when a particular design, process or product of a particular manufacturer is required by the Owner. However, if the Design/Builder has reason to believe the use of a required design, process or product is an infringement of a patent, the Design/Builder shall be responsible for such loss unless such information is promptly given to the Owner.

2.2.13 The Design/Builder shall be responsible to the Owner for acts and omissions of the Design/Builder's employees and parties in privity of contract with the Design/Builder to perform a portion of the Work, including their agents and employees.

2.2.14 The Design/Builder shall keep the premises free from accumulation of waste materials or rubbish caused by the Design/Builder's operations. At the completion of the Work, the Design/Builder shall remove from and about the Project the Design/Builder's tools, construction equipment, machinery, surplus materials, waste materials and rubbish.

2.2.15 The Design/Builder shall prepare Change Orders for the Owner's approval and execution in accordance with Part 2 and shall have authority to make minor changes in the design and construction consistent with the intent of Part 2 not involving an adjustment in the contract sum or an extension of the contract time. The Design/Builder shall promptly inform the Owner, in writing, of minor changes in the design and construction.

2.2.16 The Design/Builder shall notify the Owner when the Work or an agreed upon portion thereof is substantially completed by issuing a Certificate of Substantial Completion which shall establish the Date of Substantial Completion, shall state the responsibility of each party for security, maintenance, heat, utilities, damage to the Work and insurance, shall include a list of items to be completed or corrected and shall fix the time within which the Design/Builder shall complete items listed therein. Disputes between the Owner and Design/Builder regarding the Certificate of Substantial Completion shall be resolved by arbitration.

2.2.17 The Design/Builder shall maintain in good order on the site one record copy of the drawings, specifications, product data, samples, shop drawings, Change Orders, and other Modifications, marked currently to record changes made during construction. These shall be delivered to the Owner upon completion of the design and construction and prior to final payment.

### ARTICLE 3 OWNER

3.1 The Owner shall designate a representative authorized to act on the Owner's behalf with respect to the Project. The Owner or such authorized representative shall examine documents submitted by the Design/Builder and shall promptly render decisions pertaining thereto to avoid delay in the orderly progress of the Work.

3.2 The Owner may appoint an on-site project representative to observe the Work and to have such other responsibilities as the Owner and Design/Builder agree in writing prior to execution of Part 2.

3.3 The Owner shall cooperate with the Design/Builder in securing building and other permits, licenses and inspections, and shall pay the fees for such permits, licenses and inspections, if the cost of such fees is not identified as to be included in the Design/Builder's Proposal.

3.4 The Owner shall furnish services by land survey, geotechnical engineers and other consultants for subsurface air and water conditions, in addition to those provided under Part 1 when such services are deemed necessary by the Design/Builder to carry out properly the design services under this Part 2.

3.5 The Owner shall furnish structural, mechanical, chemical, geotechnical and other laboratory or field tests, inspections and reports as required by law and the Contract Documents.

3.6 The services, information, surveys and reports required by Paragraphs 3.4 and 3.5 shall be furnished at the Owner's expense, and the Design/Builder shall be deemed to rely upon their accuracy and completeness.

3.7 If the Owner observes or otherwise becomes aware of a fault or defect in the Work or nonconformity with the Design or Construction Documents, the Owner shall give prompt written notice thereof to the Design/Builder.

3.8 The Owner shall furnish required information, services and shall promptly render decisions pertaining thereto to avoid delay in the orderly progress of the design and construction.

3.9 The Owner shall, at the request of the Design/Builder and upon execution of Part 2, provide a certified or notarized statement of funds available for the Project and the source.

3.10 The Owner shall communicate with contractors directly through the Design/Builder.

### ARTICLE 4 TIME

4.1 The Design/Builder shall provide services as expeditiously as is consistent with reasonable skill and care in the orderly progress of design and construction.

4.2 Time limits stated in the Contract Documents are the essence of Part 2. The Work to be performed under Part

2 shall commence upon execution of a notice to proceed unless otherwise agreed and, subject to authorized Modifications, Substantial Completion shall be achieved as indicated in Article 14.

4.3 The Date of Substantial Completion of the Work or an agreed upon portion thereof is the date when construction of an agreed upon portion thereof is sufficiently complete so the Owner can occupy and utilize the Work or agreed upon portion thereof for its intended use.

4.4 The schedule provided in the Design/Builder's Proposal shall include a construction schedule consistent with Paragraph 4.2 above.

4.5 If the Design/Builder is delayed in the progress of the Project by acts or neglect of the Owner, Owner's employees, separate contractors employed by the Owner, changes ordered in the Work not caused by the fault of the Design/Builder, labor disputes, fire, unusual delay in transportation, adverse weather conditions not reasonably anticipatable, unavoidable casualties, or other causes beyond the Design/Builder's control, or by delay authorized by the Owner's pending arbitration or another cause which the Owner and Design/Builder agree is justifiable, the contract time shall be reasonably extended by Change Order.

## ARTICLE 5 PAYMENTS

### 5.1 PROGRESS PAYMENTS

5.1.1 The Design/Builder shall deliver to the Owner itemized Applications for Payment in such detail as indicated in Article 14.

5.1.2 Within ten days of the Owner's receipt of a property submitted and correct Application for Payment, the Owner shall make payment to the Design/Builder.

5.1.3 The Application for Payment shall constitute a representation by the Design/Builder to the Owner that, to the best of the Design/Builder's knowledge, information and belief, the design and construction have progressed to the point indicated; the quality of the Work covered by the application is in accordance with the Contract Documents; and the Design/Builder is entitled to payment in the amount requested.

5.1.4 The Design/Builder shall pay each contractor, upon receipt of payment from the Owner, out of the amount paid to the Design/Builder on account of such contractor's work, the amount to which said contractor is entitled in accordance with the terms of the Design/Builder's contract with such contractor. The Design/Builder shall, by appropriate agreement with each contractor, require each contractor to make payments to subcontractors in similar manner.

5.1.5 The Owner shall have no obligation to pay or to be responsible in any way for payment to a contractor of the Design/Builder except as may otherwise be required by law.

5.1.6 No progress payment or partial or entire use or occupancy of the Project by the Owner shall constitute an acceptance of Work not in accordance with the Contract Documents.

5.1.7 The Design/Builder warrants that: (1) title to Work, materials and equipment covered by an Application for Payment will pass to the Owner either by incorporation in construction or upon receipt of payment by the Design/Builder, whichever occurs first; (2) Work, materials and

equipment covered by previous Applications for Payment are free and clear of liens, claims, security interests, encumbrances, hereinafter referred to as "liens" and no Work, materials or equipment covered by an Application for Payment will have been acquired by the Design/Builder, or any other person performing work at the site, furnishing materials or equipment for the Project, subject to an agreement under which an interest therein or an encumbrance thereon is retained by the seller or otherwise imposed by the Design/Builder or such other person.

5.1.8 If the Contract provides for retainage, then at the date of Substantial Completion or occupancy of the Work or any agreed upon portion thereof by the Owner, whichever occurs first, the Design/Builder may apply for and the Owner, if the Design/Builder has satisfied the requirements of Paragraph 5.2.1 and any other requirements of the Contract relating to retainage, shall pay the Design/Builder the amount retained, if any, for the Work or for the portion completed or occupied, less the reasonable value of uncorrected or incomplete Work. Final payment of such amount shall be made upon correction or completion of such Work.

### 5.2 FINAL PAYMENT

5.2.1 Neither final payment nor amounts retained, if any, shall become due until the Design/Builder submits to the Owner (1) an affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Project for which the Owner or Owner's property might be liable have been paid or otherwise satisfied, (2) consent of surety, if any, to final payment, (3) a certificate that insurance required by the Contract Documents is in force following completion of the Work, and (4) if required by the Owner, other data establishing payment or satisfaction of obligations, such as receipts, releases and waivers of liens arising out of Part 2, to the extent and in such form as may be designated by the Owner. If a contractor refuses to furnish a release or waiver required by the Owner, the Design/Builder may furnish a bond satisfactory to the Owner to indemnify the Owner against such lien if such lien remains unsatisfied after payments are made; the Design/Builder shall reimburse the Owner for money so the latter may be compelled to pay in discharging such lien, including all costs and reasonable attorneys' fees.

5.2.2 Final payment constituting the entire unpaid balance due shall be paid by the Owner to the Design/Builder upon the Owner's receipt of the Design/Builder's final Application for Payment when the Work has been completed and the Contract fully performed except for those responsibilities of the Design/Builder which survive final payment.

5.2.3 The making of final payment shall constitute a waiver of all claims by the Owner except those arising from:

- .1 unsettled liens;
- .2 faulty or defective Work appearing after Substantial Completion;
- .3 failure of the Work to comply with requirements of the Contract Documents; or
- .4 terms of special warranties required by the Contract Documents.

5.2.4 Acceptance of final payment shall constitute a waiver of all claims by the Design/Builder except those previously made in writing and identified by the Design/Builder as unsettled at the time of final Application for Payment.

### 5.3 INTEREST PAYMENTS

5.3.1 Payments due the Design/Builder under Part 2 which are not paid when due shall bear interest from the date due at the rate specified in Article 13, or in the absence of a specified rate, at the legal rate prevailing where the principal improvements are to be located.

## ARTICLE 6

### PROTECTION OF PERSONS AND PROPERTY

- 6.1 The Design/Builder shall be responsible for initiating, maintaining and providing supervision of safety precautions and programs in connection with the Work.
- 6.2 The Design/Builder shall take reasonable precautions for safety of, and shall provide reasonable protection to prevent damage, injury or loss to: (1) employees on the Work and other persons who may be affected thereby; (2) the Work and materials and equipment to be incorporated therein; and (3) other property at or adjacent to the site.
- 6.3 The Design/Builder shall give notices and comply with applicable laws, ordinances, rules, regulations and orders of public authorities bearing on the safety of persons and property and their protection from damage, injury or loss.
- 6.4 The Design/Builder shall be liable for damage or loss (other than damage or loss to property insured under the property insurance provided or required by the Contract Documents to be provided by the Owner) to property at the site caused in whole or in part by the Design/Builder, a contractor of the Design/Builder or anyone directly or indirectly employed by either of them, or by anyone for whose acts they may be liable, except damage or loss attributable to the acts or omissions of the Owner, the Owner's separate contractors or anyone directly or indirectly employed by them or by anyone for whose acts they may be liable and not attributable to the fault or negligence of the Design/Builder.

## ARTICLE 7

### INSURANCE AND BONDS

#### 7.1 DESIGN/BUILDER'S LIABILITY INSURANCE

7.1.1 The Design/Builder shall purchase and maintain in a company or companies authorized to do business in the state in which the Work is located such insurance as will protect the Design/Builder from claims set forth below which may arise out of or result from operations under the Contract by the Design/Builder or by a contractor of the Design/Builder, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts they may be liable:

- .1 claims under workers' or workmen's compensation, disability benefit and other similar employee benefit laws which are applicable to the Work to be performed;
- .2 claims for damages because of bodily injury, occupational sickness or disease, or death of the Design/Builder's employees under any applicable employer's liability law;
- .3 claims for damages because of bodily injury, sickness or disease, or death of persons other than the Design/Builder's employees;
- .4 claims for damages covered by usual personal injury liability coverage which are sustained (1) by a person as a result of an offense directly or indi-

- .5 directly related to employment of such person by the Design/Builder or (2) by another person for claims for damages, other than to the Work at the site, because of injury to or destruction of real property, including loss of use; and
- .6 claims for damages for bodily injury or death of a person or property damage arising out of ownership, maintenance or use of a motor vehicle.

7.1.2 The insurance required by the above Subparagraph 7.1.1 shall be written for not less than limits or amounts specified in the Contract Documents or required by law, whichever are greater.

7.1.3 The Design/Builder's liability insurance shall be contractual liability insurance applicable to the Design/Builder's obligations under Paragraph 11.7.

7.1.4 Certificates of Insurance, and copies of policies requested, acceptable to the Owner shall be delivered to the Owner prior to commencement of design and construction. These Certificates as well as insurance policies required by this Paragraph shall contain a provision that coverage will not be cancelled or allowed to expire until at least thirty days' prior written notice has been given to the Owner. If any of the foregoing insurance coverages are required to remain in force after final payment, an additional certificate evidencing continuation of such coverage shall be submitted along with the application for final payment.

#### 7.2 OWNER'S LIABILITY INSURANCE

7.2.1 The Owner shall be responsible for purchasing and maintaining, in a company or companies authorized to do business in the state in which the principal improvements are to be located, Owner's liability insurance to protect the Owner against claims which may arise from operations under this Project.

#### 7.3 PROPERTY INSURANCE

7.3.1 Unless otherwise provided under this Part 2, the Owner shall purchase and maintain, in a company or companies authorized to do business in the state in which the principal improvements are to be located, property insurance upon the Work at the site to the full insurable value thereof. Property insurance shall include interests of the Owner, the Design/Builder, and their respective contractors and subcontractors in the Work. It shall include all risk insurance for physical loss or damage, including, without duplication of coverage, theft, vandalism and malicious mischief. If the Owner does not intend to purchase such insurance for the full insurable value of the entire Work, the Owner shall inform the Design/Builder writing prior to commencement of the Work. The Design/Builder may then effect insurance for the Work at the site which will protect the interests of the Design/Builder and the Design/Builder's contractors and subcontractors. If by appropriate Change Order the cost thereof shall be charged to the Owner. If the Design/Builder is damaged by failure of the Owner to purchase or maintain such insurance without notice to the Design/Builder, then the Design/Builder shall bear all reasonable costs properly attributable thereto. If not covered under the all risk insurance or not otherwise provided in the Contract Documents, the Design/Builder shall effect and maintain similar property insurance on portions of the Work stored off-site or in transit. All such portions of the Work are to be included in an Application for Payment.

7.3.2 Unless otherwise provided under this Part 2, the Owner shall purchase and maintain such boiler and machinery insurance as may be required by the Contract Documents or by law and which shall specifically cover such insured objects during installation and until final acceptance by the Owner. This insurance shall cover interests of the Owner, the Design/Builder, and the Design/Builder's contractors and subcontractors in the Work.

7.3.3 A loss insured under Owner's property insurance is to be adjusted with the Owner and made payable to the Owner as trustee for the insureds, as their interests may appear subject to requirements of any applicable mortgagee clause and of Subparagraph 7.3.8. The Design/Builder shall pay contractors their shares of insurance proceeds received by the Design/Builder, and by appropriate agreement, written where legally required for validity, shall require contractors to make payments to their subcontractors in similar manner.

7.3.4 Before an exposure to loss may occur, the Owner shall file with the Design/Builder a copy of each policy required by this Paragraph 7.3. Each policy shall contain only those endorsements specifically related to this Project. Each policy shall contain a provision that the policy will not be cancelled or allowed to expire until at least thirty days' prior written notice has been given the Design/Builder.

7.3.5 If the Design/Builder requests in writing that insurance for risks other than those described herein or for other special hazards be included in the property insurance policy, the Owner shall, if possible, obtain such insurance, and the cost thereof shall be charged to the Design/Builder by appropriate Change Order.

7.3.6 The Owner and Design/Builder waive all rights against each other and the contractors, subcontractors, agents and employees, each of the other, for damages caused by fire or other perils to the extent covered by property insurance obtained pursuant to this Paragraph 7.3 or other property insurance applicable to the Work, except such rights as they may have to proceeds of such insurance held by the Owner as trustee. The Owner or Design/Builder, as appropriate, shall require from contractors and subcontractors by appropriate agreements, written where legally required for validity, similar waivers each in favor of other parties enumerated in this Paragraph 7.3. The policies shall be endorsed to include such waivers of subrogation.

7.3.7 If required in writing by a party in interest, the Owner as trustee shall provide, upon occurrence of an insured loss, a bond for proper performance of the Owner's duties. The cost of required bonds shall be charged against proceeds received as trustee. The Owner shall deposit proceeds so received in a separate account and shall distribute them in accordance with such agreement as the parties in interest may reach, or in accordance with an arbitration award in which case the procedure shall be as provided in Article 10. If after such loss no other special agreement is made, replacement of damaged Work shall be covered by appropriate Change Order.

7.3.8 The Owner, as trustee, shall have power to adjust and settle a loss with insurers unless one of the parties in interest shall object, in writing, within ten days after occurrence of loss, to the Owner's exercise of this power. If such objection be made, the Owner as trustee shall make settlement with the insurers in accordance with the decision of

arbitration as provided in Article 10. If distribution of insurance proceeds by arbitration is required, the arbitrators will direct such distribution.

7.3.9 If the Owner finds it necessary to occupy or use a portion or portions of the Work before Substantial Completion, such occupancy or use shall not commence prior to a time agreed to by the Owner and Design/Builder and to which the insurance company or companies providing property insurance have consented by endorsement to the policy or policies. The property insurance shall not lapse or be cancelled on account of such partial occupancy or use. Consent of the Design/Builder and of the insurance company or companies to such occupancy or use shall not be unreasonably withheld.

#### 7.4 LOSS OF USE INSURANCE

7.4.1 The Owner, at the Owner's option, may purchase and maintain such insurance as will insure the Owner against loss of use of the Owner's property due to fire or other hazards, however caused. The Owner waives all rights of action against the Design/Builder, and its contractors and their agents and employees, for loss of use of the Owner's property, including consequential losses due to fire or other hazards, however caused, to the extent covered by insurance under this Paragraph 7.4.

#### 7.5 PERFORMANCE BOND AND PAYMENT BOND

7.5.1 The Owner shall have the right to require the Design/Builder to furnish bonds covering the faithful performance of the Contract and the payment of all obligations arising thereunder if and as required in the Contract Documents or in Article 14.

## ARTICLE 8 CHANGES IN THE WORK

### 8.1 CHANGE ORDERS

8.1.1 A Change Order is a written order signed by the Owner and Design/Builder, and issued after execution of Part 2, authorizing a change in the Work or adjustment in the contract sum or contract time. The contract sum and contract time may be changed only by Change Order.

8.1.2 The Owner, without invalidating Part 2, may order changes in the Work within the general scope of Part 2 consisting of additions, deletions or other revisions, and the contract sum and contract time shall be adjusted accordingly. Such changes in the Work shall be authorized by Change Order, and shall be performed under applicable conditions of the Contract Documents.

8.1.3 If the Owner requests the Design/Builder to submit a proposal for a change in the Work and then elects not to proceed with the change, a Change Order shall be issued to reimburse the Design/Builder for any costs incurred for Design Services or proposed revisions to the Contract Documents.

8.1.4 Cost or credit to the Owner resulting from a change in the Work shall be determined in one or more of the following ways:

- 1 by mutual acceptance of a lump sum properly itemized and supported by sufficient substantiating data to permit evaluation;
- 2 by unit prices stated in the Contract Documents or subsequently agreed upon;

- .3 by cost to be determined in a manner agreed upon by the parties and a mutually acceptable fixed or percentage fee; or
- .4 by the method provided below.

8.1.5 If none of the methods set forth in Clauses 8.1.4.1, 8.1.4.2 or 8.1.4.3 is agreed upon, the Design/Builder, provided a written order signed by the Owner is received, shall promptly proceed with the Work involved. The cost of such Work shall then be determined on the basis of reasonable expenditures and savings of those performing the Work attributable to the change, including the expenditures for design services and revisions to the Contract Documents. In case of an increase in the contract sum, the cost shall include a reasonable allowance for overhead and profit. In case of the methods set forth in Clauses 8.1.4.3 and 8.1.4.4, the Design/Builder shall keep and present an itemized accounting together with appropriate supporting data for inclusion in a Change Order. Unless otherwise provided in the Contract Documents, cost shall be limited to the following: cost of materials, including sales tax and cost of delivery; cost of labor, including social security, old age and unemployment insurance, and fringe benefits required by agreement or custom; workers' or workmen's compensation insurance; bond premiums; rental value of equipment and machinery; additional costs of supervision and field office personnel directly attributable to the change; and fees paid to architects, engineers and other professionals. Pending final determination of cost to the Owner, payments on account shall be made on the Application for Payment. The amount of credit to be allowed by the Design/Builder to the Owner for deletion or change which results in a net decrease in the contract sum will be actual net cost. When both additions and credits covering related Work or substitutions are involved in a change, the allowance for overhead and profit shall be figured on the basis of the net increase, if any, with respect to that change.

8.1.6 If unit prices are stated in the Contract Documents or subsequently agreed upon, and if quantities originally contemplated are so changed in a proposed Change Order that application of agreed unit prices to quantities proposed will cause substantial inequity to the Owner or Design/Builder, applicable unit prices shall be equitably adjusted.

## 8.2 CONCEALED CONDITIONS

8.2.1 If concealed or unknown conditions of an unusual nature that affect the performance of the Work and vary from those indicated by the Contract Documents are encountered below ground or in an existing structure other than the Work, which conditions are not ordinarily found to exist or which differ materially from those generally recognized as inherent in work of the character provided for in this Part 2, notice by the observing party shall be given promptly to the other party and, if possible, before conditions are disturbed and in no event later than twenty-one days after first observance of the conditions. The contract sum shall be equitably adjusted for such concealed or unknown conditions by Change Order upon claim by either party made within twenty-one days after the claimant becomes aware of the conditions.

## 8.3 REGULATORY CHANGES

8.3.1 The Design/Builder shall be compensated for changes in the Work necessitated by the enactment or revision of codes, laws or regulations subsequent to the sub-

mission of the Design/Builder's Proposal under Part 2.

## ARTICLE 9

### CORRECTION OF WORK

9.1 The Design/Builder shall promptly correct Work rejected by the Owner or known by the Design/Builder to be defective or failing to conform to the Construction Documents, whether observed before or after Substantial Completion and whether or not fabricated, installed or completed, and shall correct Work under this Part 2 found to be defective or nonconforming within a period of one month from the date of Substantial Completion of the Work in the designated portion thereof, or within such longer period provided by any applicable special warranty in the Contract Documents.

9.2 Nothing contained in this Article 9 shall be construed to establish a period of limitation with respect to the obligations of the Design/Builder under this Part 2. Paragraph 9.1 relates only to the specific obligation of the Design/Builder to correct the Work, and has no relationship to the time within which the obligation to comply with the Contract Documents may be sought to be enforced, or the time within which proceedings may be commenced to establish the Design/Builder's liability with respect to the Design/Builder's obligations other than correction of Work.

9.3 If the Design/Builder fails to correct defective Work as required or persistently fails to carry out Work in accordance with the Contract Documents, the Owner, by written order signed personally or by an agent specifically so empowered by the Owner in writing, may order the Design/Builder to stop the Work, or any portion thereof, until the cause for such order has been eliminated; however, the Owner's right to stop the Work shall not give rise to a claim on the part of the Owner to exercise the right for benefit of the Design/Builder or other persons or entities.

9.4 If the Design/Builder defaults or neglects to carry out the Work in accordance with the Contract Documents, or fails within seven days after receipt of written notice from the Owner to commence and continue correction of such default or neglect with diligence and promptness, the Owner may give a second written notice to the Design/Builder and, seven days following receipt by the Design/Builder of that second written notice and without prejudice to other remedies the Owner may have, correct such deficiencies. In such case an appropriate Change Order shall be issued deducting from payments then or thereafter due the Design/Builder costs of correcting such deficiencies. If the payments then or thereafter due the Design/Builder are not sufficient to cover the amount of the deduction, the Design/Builder shall pay the difference to the Owner. Any action by the Owner shall be subject to arbitration.

## ARTICLE 10

### ARBITRATION

10.1 Claims, disputes and other matters in question between the parties to this Part 2 arising out of or relating to Part 2 shall be decided by arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then in effect unless the parties agree otherwise. No arbitration arising out of or relat-



ing to this Part 2 shall include, by consolidation or joinder or in any other manner, an additional person not a party to Part 2 except by written consent containing specific reference to Part 2 and signed by the Owner, Design/Builder and any other person sought to be joined. Consent to arbitration involving an additional person or persons shall not constitute consent to arbitration of a dispute not described or with a person not named therein. This provision shall be specifically enforceable in any court of competent jurisdiction.

10.2 Notice of demand for arbitration shall be filed in writing with the other party to this Part 2 and with the American Arbitration Association. The demand shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for arbitration be made after the date when the applicable statute of limitations would bar institution of a legal or equitable proceeding based on such claim, dispute or other matter in question.

10.3 The award rendered by arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction.

10.4 Unless otherwise agreed in writing, the Design/Builder shall carry on the Work and maintain its progress during any arbitration proceedings, and the Owner shall continue to make payments to the Design/Builder in accordance with the Contract Documents.

10.5 This Article 10 shall survive completion or termination of Part 2.

## ARTICLE 11

### MISCELLANEOUS PROVISIONS

11.1 This Part 2 shall be governed by the law of the place where the Work is located.

11.2 The table of contents and the headings of articles and paragraphs are for convenience only and shall not modify rights and obligations created by this Part 2.

11.3 In case a provision of Part 2 is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected.

#### 11.4 SUBCONTRACTS

11.4.1 The Design/Builder, as soon as practicable after execution of Part 2, shall furnish to the Owner in writing the names of the persons or entities the Design/Builder will engage as contractors for the Project.

11.4.2 Nothing contained in the Design/Builder Contract Documents shall create a professional obligation or contractual relationship between the Owner and any third party.

#### 11.5 WORK BY OWNER OR OWNER'S CONTRACTORS

11.5.1 The Owner reserves the right to perform work related to, but not part of, the Project and to award separate contracts in connection with other work at the site. If the Design/Builder claims that delay or additional cost is involved because of such action by the Owner, the Design/Builder shall make such claims as provided in Subparagraph 11.6.

11.5.2 The Design/Builder shall afford the Owner's separate contractors reasonable opportunity for introduction and storage of their materials and equipment for execution

of their work. The Design/Builder shall incorporate and coordinate the Design/Builder's Work with work of the Owner's separate contractors as required by the Contract Documents.

11.5.3 Costs caused by defective or ill-timed work shall be borne by the party responsible.

#### 11.6 CLAIMS FOR DAMAGES

11.6.1 Should either party to Part 2 suffer injury or damage to person or property because of an act or omission of the other party, the other party's employees or agents, or another for whose acts the other party is legally liable, claim shall be made in writing to the other party within a reasonable time after such injury or damage is or should have been first observed.

#### 11.7 INDEMNIFICATION

11.7.1 To the fullest extent permitted by law, the Design/Builder shall indemnify and hold harmless the Owner and the Owner's consultants and separate contractors, any of their subcontractors, sub-subcontractors, agents and employees from and against claims, damages, losses and expenses, including but not limited to attorneys' fees, arising out of or resulting from performance of the Work. These indemnification obligations shall be limited to claims, damages, losses or expenses (1) that are attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself) including loss of use resulting therefrom, and (2) to the extent such claims, damages, losses or expenses are caused in whole or in part by negligent acts or omissions of the Design/Builder, the Design/Builder's contractors, anyone directly or indirectly employed by either or anyone for whose acts either may be liable, regardless of whether or not they are caused in part by a party indemnified hereunder. Such obligation shall not be construed to negate, abridge or otherwise reduce other rights or obligations of indemnity which would otherwise exist as to a party or person described in this Paragraph 11.7.

11.7.2 In claims against the Owner or its consultants and its contractors, any of their subcontractors, sub-subcontractors, agents or employees by an employee of the Design/Builder, its contractors, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under this Paragraph 11.7 shall not be limited by a limitation on amount or type of damages, compensation or benefits payable by or for the Design/Builder, or a Design/Builder's contractor, under workers' or workmen's compensation acts, disability benefit acts or other employee benefit acts.

#### 11.8 SUCCESSORS AND ASSIGNS

11.8.1 This Part 2 shall be binding on successors, assigns, and legal representatives of and persons in privity of contract with the Owner or Design/Builder. Neither party shall assign, sublet or transfer an interest in Part 2 without the written consent of the other.

11.8.2 This Paragraph 11.8 shall survive completion or termination of Part 2.

11.9 In case of termination of the Architect, the Design/Builder shall provide the services of another lawfully licensed person or entity against whom the Owner makes no reasonable objection.

## 11.10 EXTENT OF AGREEMENT

11.10.1 Part 2 represents the entire agreement between the Owner and Design/Builder and supersedes Part 1 and prior negotiations, representations or agreements. Part 2 may be amended only by written instrument signed by both Owner and Design/Builder.

## ARTICLE 12

### TERMINATION OF THE AGREEMENT

#### 12.1 TERMINATION BY THE OWNER

12.1.1 This Part 2 may be terminated by the Owner upon fourteen days' written notice to the Design/Builder in the event that the Project is abandoned. If such termination occurs, the Owner shall pay the Design/Builder for Work completed and for proven loss sustained upon materials, equipment, tools, and construction equipment and machinery, including reasonable profit and applicable damages.

12.1.2 If the Design/Builder defaults or persistently fails or neglects to carry out the Work in accordance with the Contract Documents or fails to perform the provisions of Part 2, the Owner may give written notice that the Owner intends to terminate Part 2. If the Design/Builder fails to correct the defaults, failure or neglect within seven days after being given notice, the Owner may then give a second

written notice and, after an additional seven days, the Owner may without prejudice to any other remedy, correct good such deficiencies and may deduct the cost thereof from the payment due the Design/Builder or, at the Owner's option, may terminate the employment of the Design/Builder and take possession of the site and of all material, equipment, tools and construction equipment and machinery thereon owned by the Design/Builder and finish the Work by whatever method the Owner may deem expedient. If the unpaid balance of the contract sum exceeds the expense of finishing the Work, the excess shall be paid to the Design/Builder, but if the expense exceeds the unpaid balance, the Design/Builder shall pay the difference to the Owner.

#### 12.2 TERMINATION BY THE DESIGN/BUILDER

12.2.1 If the Owner fails to make payment when due, the Design/Builder may give written notice of the Design/Builder's intention to terminate Part 2. If the Design/Builder fails to receive payment within seven days after receipt of such notice by the Owner, the Design/Builder may give a second written notice and, seven days after receipt of such second written notice by the Owner, may terminate Part 2 and recover from the Owner payment for Work executed plus for proven losses sustained upon materials, equipment, tools, and construction equipment and machinery, including reasonable profit and applicable damages.

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**ARTICLE 13**  
**BASIS OF COMPENSATION**

The Owner shall compensate the Design/Builder in accordance with Article 5, Payments, and the other provisions of this Part 2 as described below.

**13.1 COMPENSATION**

13.1.1 FOR BASIC SERVICES, as described in Paragraphs 2.2.2 through 2.2.17, and for any other services included in Article 14 as part of Basic Services, Basic Compensation shall be as follows:

LUMP SUM PRICE - \$954,237.00

~~Alternate #1 (Paving at Cherry St.) - \$25,520.00~~

~~Alternate #2 (Concrete drive at N. Branch St.) - \$13,585.00~~

Alternate #3 (Unit Price for skylites) - \$300.00/each

Alternate #4 (Unit Price for additional excavation) - \$32.00/cubic

Prices as described in Chapple Corporation proposal #10380-R4, dated August 16, 1993. Alternates must be authorized in writing by Owner in the form of a Change Order.

**13.2 REIMBURSABLE EXPENSES**

13.2.1 Reimbursable Expenses are in addition to the compensation for Basic and Additional Services and include actual expenditures made by the Design/Builder in the interest of the Project for the expenses listed as follows:

13.2.2 FOR REIMBURSABLE EXPENSES, compensation shall be a multiple of ( ) times the amounts expended.

**13.3 INTEREST PAYMENTS**

13.3.1 The rate of interest for past due payments shall be as follows:

*(Usury laws and requirements under the Federal Truth in Lending Act, similar state and local consumer credit laws and other regulations at the Owner's and Design/Builder's principal places of business, at the location of the Project and elsewhere may affect the validity of this provision. Specific legal advice should be obtained with respect to deletion, modification or other requirements, such as written disclosures or waivers.)*

Prime Rate plus two percent (2%) as established by  
First National Bank of Chicago.

**ARTICLE 14**  
**OTHER PROVISIONS**

- 14.1 The Basic Services to be performed shall be commenced on ~~August 23, 1993~~ and, subject to authorized adjustments and to delays not caused by the Design/Builder, Substantial Completion shall be achieved in ~~ONE HUNDRED (180)~~ EIGHTY calendar days.
- 14.2 The Basic Services beyond those described in Article 2 are:
- 14.3 The Design/Builder shall submit an Application for Payment on the 30TH of each month.
- 14.4 The Design/Builder's Proposal includes:  
*(List below: this Part 2, Supplementary and other Conditions, the drawings, the specifications, and Modifications, showing page or sheet numbers, in cases and dates where applicable to define the scope of Work.)*

Chapple Corporation proposal #10380-R4, dated August 16, 1993.

This Part 2 entered into as of the day and year first written above.

OWNER TRU VUE, INC.  
1315 N. North Branch St.  
Chicago, IL 60622

DESIGN/BUILDER CHAPPLE CORPORATION  
665 Walnut Street  
Elmhurst, IL 60126

BY \_\_\_\_\_

BY William M. Loftus, President

Rider to Standard Form of Agreement Between Owner and Design/Builder dated as of August 23, 1993 between Chapple Corporation, Design/Builder and Tru Vue, Inc., Owner (the "Agreement").

1. Owner and Design/Builder intend that this Rider be attached to, and is hereby made a part of, the Agreement. In the event of any inconsistency between the terms of the printed portion of the Agreement and the terms of this Rider, the terms of this Rider shall govern and control. Any capitalized terms used but not defined herein shall have the meaning given them in the Agreement.

2. Design/Builder acknowledges that it has received an unexecuted copy of that certain redevelopment agreement by and between Owner and the City of Chicago (the "City") to be dated October, 1992, (the final executed redevelopment agreement shall hereinafter be referred to as the "Redevelopment Agreement"), and the terms and conditions of the Redevelopment Agreement as they relate to the Project are hereby incorporated herein. In the event of any inconsistency between the terms of the Redevelopment Agreement and the terms of this Agreement, the terms of the Redevelopment Agreement shall govern and control. Design/Builder further acknowledges that the Agreement and the rights and obligations of Owner thereunder, are contingent upon the execution by the City and Owner ~~of~~ ~~the~~ Redevelopment Agreement in form and substance satisfactory to Owner, in Owner's sole discretion. In the event a Redevelopment Agreement is not executed by the Owner and the City, at Owner's election, the Agreement shall terminate and neither party shall have any rights or obligations arising therefrom.

3. Pursuant to the Redevelopment Agreement and/or the Escrow Agreement (as defined in the Redevelopment Agreement), the City, acting through its employees or through its Inspecting Agent (as defined in the Redevelopment Agreement), has the right to approve all payment requests for work completed on the Project. Notwithstanding anything contained in the Agreement to the contrary, Owner shall have no obligation to pay for said work until and unless the City approves the payment request. Owner shall have 20 days from the date it receives the City approval to make said payment to Design/Builder, without interest or additional charge. Design/Builder agrees to cooperate with Owner and the City in connection with the establishment and administration of the Escrow (as defined in the Redevelopment Agreement).

4. Notwithstanding anything contained in the Agreement to the contrary, prior to the Final Payment, Owner shall retain 10% of each Progress Payment due to Design/Builder (the "Retainage"). The Retainage shall be remitted to Design/Builder, less 125% of the amount of any incomplete or

unaccepted work, at the time of the Final Payment, with the balance remitted pro rata as such work is completed to Owner's satisfaction.

5. Design/Builder acknowledges that Owner shall suffer monetary damages which are substantial, but difficult to calculate, if the Project is not completed on a timely basis. Therefore, Design/Builder agrees that in order to compensate Owner for the losses it will suffer if the Project is not Substantially Complete as set forth in Section 14.1 or the Agreements, Owner shall deduct from the Final Payment the amount equal to \$750.00 per day for each full or partial calendar day elapsed after the date required for Substantial Completion until Substantial Completion is achieved.

6. Owner and Design/Builder acknowledge that the Redevelopment Agreement contains a condition precedent relating to various no parking zones, one way street designations and parking zone designations. In the event said condition precedent is not satisfied and Owner exercises its right to terminate the Redevelopment Agreement, at Owner's election the Agreement shall terminate and neither party shall have any rights or obligations thereunder.

OWNER:

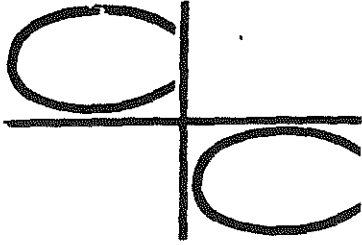
DESIGN/BUILDER:

Tru Vue, Inc.

Chapple Corporation

By: \_\_\_\_\_  
Name:  
Its:

By: \_\_\_\_\_  
Name:  
Its:



# Chapple Corporation

POST OFFICE BOX 69 / 665 WALNUT STREET / ELMHURST, ILLINOIS 60126

TELEPHONE: (708) 530-2400 / FAX: (708) 530-8409

August 16, 1993  
#10380-R4

Viratec Tru Vue, Inc.  
1315 N. North Branch Street  
Chicago, Illinois 60622

Attn: Mr. Douglas J. Kelly

Subject: Building Addition  
Chicago, Illinois

Gentlemen:

In accordance with our discussions and site visit, we are pleased to submit our revised proposal for the design and construction of the proposed building addition as specified herein.

We propose to furnish all architectural and engineering design, materials, labor, equipment and supervision required to construct your proposed facility in accordance with the detailed description enclosed herein.

The construction methods and products will feature the modern concept of pre-engineered building systems by Butler Manufacturing Company, Galesburg, Illinois.

This facility will utilize the Butler Widespan building system.

The Widespan system provides the kind of flexibility that allows a practical means of achieving just about any appearance you may want or need in a low rise industrial or commercial building.

The quality level of the Butler products proposed is the highest available in the construction market today.

## BUILDING SPECIFICATIONS

### GENERAL

This proposal is based on approximately 40,000 SF of building with 2/3 of the area designed for storage of rolled paper in closed array to a height of 20' and 1/3 of the area designed for light manufacturing.

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A full height metal partition wall (222' long) will separate the warehouse from the manufacturing area.

This proposal also includes a 4,500 SF lean-to structure with open sidewalls designed for outside storage of wooden pallets.

### STRUCTURAL

The main building will be 180' wide x 222' long with a nominal eave height of 24'. The roof slope will be 1/4" per foot.

The lean-to building will be 35' wide x 130' long with a nominal eave height of 24' at the high side. The roof slope will be 1/4" per foot.

### DESIGN LOADS

Primary frames and secondary roof structures will be designed for 25 p.s.f. snowload uniformly distributed over the horizontal projection of the roof. Building components will be designed for wind of 20 p.s.f.. Roof panels and attachments in completed assembly will be eligible for a U.L. Class 90 Superior Wind Uplift Rating. These design loads will be applied to the structure as specified in the UBC code, 1979 edition, as modified by the City of Chicago Building Code.

The building will be designed to include snowdrift loads from the adjacent building to the north.

### PRIMARY FRAMING

The structural system for the main building will be the Butler MRF beam and column type. The design of the structural system will be a rigid frame with tapered exterior columns, clearspan within modules and a gable roof. Interior columns will be spaced at 60' increments across the width of the building. Both endwalls will be the Butler rigid frame type.

The structural system for the lean-to will be the Butler WX system. The structural system will have tapered exterior columns and tapered roof beams and a sloped roof. Both endwalls will be the Butler rigid frame type.

Bay spacing for the main building will consist of one (1) bay at 20', one (1) bay at 22', six (6) bays at 25' and one (1) bay at 30' increments.



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Bay spacing for the lean-to will consist of four (4) bays at 25' and one (1) bay at 30' increments.

Purlins and girts will be manufacturer's standard and will be furnished to meet the minimum design requirements as specified.

All holes for attachment of secondary structurals to primary framing members and for beam to column connections will be factory punched. Attachment holes for roof and wall covering will also be factory punched.

#### BUTLER MR-24 ROOF SYSTEM

The roofs will be covered with precision roll formed MR-24 panels. Details and installation will be in accordance with the manufacturer's detailed drawings.

Panels will be roll formed, 2' wide with two major corrugations, 2" (2-3/4" including seam) high, 24" on center and minor corrugations 6" on center between and perpendicular to the major corrugations the entire length of the panel.

Panel material will be 24 gauge aluminum-zinc alloy coated steel, coated both sides with a layer of aluminum-zinc alloy (approximately 55% aluminum, 45% zinc) applied by the continuous hot dip method.

All connections of MR-24 panel-to-structural members will be made with clips with movable tabs that are seamed into the standing lockseam sidelap. MR-24 panel-to-panel connections will be made with positive field formed standing double-lock seams. Standing seams will be formed by a special lock seaming device.

Roof panels are permanently seamed together with a full 360 degree double-lock seam to ensure weathertightness. Roof clips securely hold the roof panel to supporting members with no fasteners to penetrate the panel. The tab is roll formed into the panel seam and remains centered to allow 1-1/4" movement in either direction.

Panel endlaps are prepunched to keep proper alignment. Endlaps are staggered for strength and water-tightness. Corrosion resistant aluminum panel endlap straps and stainless steel fasteners are used to join the panels. Endlaps are not fastened to the supporting structurals, thus allowing free movement of the roof system.

The MR-24 roof system will carry a U.L. Class 90 Superior Wind Uplift Rating to insure structural integrity and possible reduction of insurance rates.

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The underside of the main building roof will be insulated with 6" thick, WMP-10 fiberglass insulation installed between the secondary structural members and the metal paneling.

The underside of the lean-to roof will be insulated with 2" thick, WMP-10 fiberglass insulation installed between the secondary structural members and the metal paneling.

Insulation will have an Underwriter's Label requiring a flame spread rating of 25 or less.

#### BUTLERIB II WALL SYSTEM

The exterior metal walls of the building will be covered with precision roll formed Butlerib II panels. Details and installation will be in accordance with the manufacturer's drawings.

Panels will be precision roll formed to provide a width coverage of 3'0". Panels will have four (4) major corrugations, 1-1/2" high, spaced 12" on center. There will be two additional minor corrugations, 1" wide, spaced 3" on center between the major corrugations.

The wall panels will be fabricated from 26 gauge galvanized steel painted in one of the Butler standard exterior colors with Butler-Cote 500FP, a 70% Kynar fluoropolymer coating.

The wall panels will be fastened to the Butler structural system with the oversized Scrubolt Butler uses in lieu of the commonly used #14 self-tapping screw. The heads of the Scrubolts will match the wall panel color.

The exterior walls of the building will be insulated with 4" thick, WMP-10 fiberglass insulation installed between the secondary structural members and the metal paneling. Insulation will have an Underwriter's Label requiring a flame spread rating of 25 or less.

The wall panels on the east elevation will sit on top of a 4' high concrete wainscot.

The wall panels on the west elevation will extend from finish floor to the roof with no wainscot.

On the lean-to, the wall panels will extend down four (4) feet from the eave. The balance of the walls (20' high) will be open.

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### PARTITION

The interior partition wall will span the length of the building at one interior frame line and will consist of Butler columns and girts, covered on both sides with Butlerib panels. Panels will not be insulated.

The partition wall will have three (3) 12' x 14' framed openings. No doors are included.

### ACCESSORIES

Butler building accessories will include the following:

Six (6) framed and trimmed overhead door openings (five (5) at 9' x 9' and one (1) at 12' x 14').

Four (4) exterior 3' wide x 7' high insulated flush panel hollow metal doors with heavy duty mortise locksets, weatherstripping, thresholds and closers.

Butler contour gutter at the sidewalls. Color to be black to match the gable trim.

Exterior downspouts at the sidewalls. Color to be black.

Butler transition flashing between the new MR-24 roof and the masonry parapet walls on the north and south of the main building.

Butlerib liner panel, 8' high, on the west wall of the main building.

### EXCAVATION

We have used the soil report prepared by Terra Testing, Inc., File No. A795, dated June 25, 1993 as a guideline for this proposal.

The area of the site to be occupied by the building, docks and paved area will be stripped of 12" (average) of existing asphalt material.

We assume that the finished floor elevation for the main building will match the existing building finished floor elevation.

Excavation for foundations and footings will be done by a machine to a depth of 42" below finish grade.

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Excavate for two (2) exterior recessed docks (one (1) 25'x 60' and one (1) 38'x 60'). Truck docks will accommodate 102" wide trailers.

If suitable soil bearing capacity is not found at the depths required for frost protection, the area of unsuitable soil will be removed and replaced with CA-1 fill material. The amount of overdigging required will be as directed in the field by the owner's testing agent. The additional cost will be paid by the owner in accordance with the unit prices provided in this proposal.

The interior and exterior of all foundation walls will be backfilled with granular materials.

Suitable excess excavated material will be used as a fill under the building slab. The soil borings indicate the presence of cinders under the existing asphalt.

A layer of compacted imported granular fill will be installed under the concrete slabs and paving to bring the site to proper subgrade and to provide a firm base for this construction.

Backfill existing depressed docks and three (3) existing dock leveler frames with granular material. Levelers will be removed by the owner.

Fill existing inlets and abandon them in place.

All excess asphalt materials will be hauled from the site.

#### CONCRETE

The exterior foundation wall at the northeast corner of the main building will be 8" x 4' deep with a continuous footing.

The exterior foundation wall at the east sidewall will be 8" thick x 7'6" deep (4' above grade) grade beam wall.

The exterior foundation wall at the west sidewall will be 8" thick x 4' deep grade beam wall.

The foundation wall at the recessed truck docks will be 8" thick x 7'6" deep (3'6" below grade) with a continuous footing. Concrete retention walls at the sides of the truck docks will be 8" thick x 5'6" average (3'6" below grade).

Reinforced concrete piers and footings will be installed under all main building columns with the size of footing and amount of reinforcing based on soil having a bearing capacity of no less than 3,000 lbs. per square foot.

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The concrete slab for the main building and lean-to will be 6" thick, reinforced with 6x6x#6 welded wire mesh.

The concrete slabs for the truck docks, driveway approaches and dumpster pad will be 8" thick, reinforced with 6x6x#6 welded wire mesh. The exterior concrete slab at the truck docks will be extended to the driveway approaches.

Set five (5) dock leveler frames and dock edge angle.

One coat of concrete sealer, Kure-n-Seal or equal, will be applied to the building floor slab.

Provide depressed curb and 8" thick concrete approach for two (2) driveways at North Branch Street.

All concrete will have 3,000 p.s.i. compressive strength at 28 days.

#### MASONRY

The exterior wall at the northeast corner of the building will consist of 4" face brick with 4" concrete block back-up. The allowance for face brick will be \$350.00 per thousand brick.

In the masonry wall of the existing building, we will prepare an opening for one (1) new 12'x 10' rolling steel door. (Door will be furnished and installed by the owner.)

In the masonry wall in the existing building, we will fill-in the following openings:

Six (6) 5'x 7' windows.

Two (2) 8'x 10' overhead doors.

One (1) 14'x 16' rolling steel door.

An interior concrete block partition, 8" thick x 10' high, will be provided at the perimeter of the office area.

12" concrete block will be installed at the gable of the south endwall to provide the required fire separation.

Install lintels for openings in masonry walls.

Install hollow metal frames in masonry walls.

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### CARPENTRY

Within the building we will provide one (1) 12'x 12' shipping manager's office, two (2) 12'x 9' toilet rooms, one (1) 12'x 18' lunch room, one (1) 12'x 12' production manager's office and one (1) 8'x 10' sprinkler pump room.

We will provide a wood deck above the office area. This deck will consist of 2x12's at 12" on center with a 3/4" plywood deck above.

Note: No railings or stairs to the storage deck are included in this proposal.

Interior partitions in the above rooms will consist of steel stud and 5/8" sheetrock, taped and sanded, ready for painting.

Ceilings in all rooms will be drywall.

Install toilet room accessories.

Install hollow metal doors and hardware in the concrete block walls.

Install one (1) hollow metal borrowed lite frame in the shipping manager's office.

Furnish and install vanities in the men's and women's toilet rooms.

### OVERHEAD DOORS

Two (2) 12'x 12' rolling steel doors will be located in the wall of the existing building. These doors will be 24 gauge, prime painted and electrically operated.

Note: One (1) existing 12' x 10' rolling steel door will be relocated by the owner and installed in the wall of the existing building.

Five (5) 9' x 9' 24 gauge steel sectional overhead doors will be located at the docks. These doors will be solid with a white factory applied finish, insulated with steel back covers, equipped with vertical lift hardware and will be electrically operated.

One (1) 12'x 14', 24 gauge steel sectional overhead door will be located between the main building and the lean-to. This door will be solid with a white factory applied finish, insulated with steel back covers, equipped with hi-lift hardware and will be electrically operated.

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DOCK EQUIPMENT

Dock levelers, seals and bumpers will be furnished and installed by the owner.

TOILET ROOM ACCESSORIES

Furnish the following:

Two (2) toilet paper holders

Two (2) paper towel dispensers

Two (2) soap dispensers

Two (2) waste cans

Two (2) mirrors

Four (4) 36" grab bars

PAINTING

All sheetrock walls and ceilings will receive one (1) coat of primer and one (1) coat of latex paint.

Hollow metal doors and frames will receive one (1) coat of field paint over the factory prime paint.

Painting of structural steel or overhead doors is not included.

Concrete block walls will receive one (1) coat of filler and one (1) coat of latex paint.

One coat of sealer will be applied to exterior concrete block walls for protection against moisture.

FLOORING

Resilient flooring will be provided in the shipping manager's office, production manager's office, toilet rooms and lunch rooms. The resilient flooring will be 12" x 12" x 1/8" thick commercial smooth grade vinyl floor tile. Vinyl base will be 4" high.

PAVING

Asphalt paving on the west side of the building will be 1-1/2" surface asphalt, 1-1/2" binder coarse and 8" granular sub base.

No pavement striping is included in this proposal.

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MISCELLANEOUS STEEL & ORNAMENTAL IRON

Include the following:

Five (5) dock leveler frames and dock edge angle.

1-1/2" O.D. pipe rail at exterior truck docks (200 l.f.)

HOLLOW METAL DOORS, FRAMES & HARDWARE

Six (6) interior 3' x 7' hollow metal doors and frames.

We have included an allowance of \$750.00 for hardware for the above doors.

One (1) 4' x 4' hollow metal borrowed lite frame in the shipping manager's office.

PLUMBING

The plumbing included in this proposal will consist of:

Three (3) water closets for the handicapped

One (1) urinal

Four (4) drop-in lavatories with Moen faucets

One (1) 30-gallon water heater

Two (2) floor drains

Eight (8) floor cleanouts

One (1) 24" catch basin in each dock

Nine (9) downspout connections to sewer piping

8" sewer extending to the property line

(Note: We assume the sewer is 8-9' deep in North Branch St.)

8" water service with an 8" capped opening for sprinkler connection, extending from City main to 1'0" above floor line

Cast iron underground sewers

Cast iron and copper waste and vent piping

Copper water pipe with insulation



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Final design of exterior plumbing will depend on the City of Chicago requirements, utility survey, soil borings and final grades.

No water meters, valve vaults or tap-in fees are included in this proposal.

HEATING, VENTILATING AND AIR CONDITIONING

We will furnish and install an HVAC system to meet local codes and provide the following environment: 65 degrees F at -10 degrees F.

The system will include:

One (1) 1.1 million BTU/hr roof top indirect fired make-up air unit with stainless steel heat exchangers, two-stage burners, filters, internally insulated ductwork, mounted on vibration isolators atop equipment rails.

Two (2) 165,000 BTU/hr unit heaters

Two (2) 100,000 BTU/hr unit heaters

Two (2) 13,500 cfm sidewall exhaust fans with backdraft dampers and guards

One (1) galvanized fresh air intake louver with fabric damper

Four (4) ceiling exhaust fans for toilet rooms, lunch room and office

One (1) through-wall combination heating/cooling unit in shipping office

Six (6) 46,000 cfm destratification fans

Note: We have not included temporary heat for this project.

Note: All gas piping will be stubbed out five (5) feet from the building at the west wall.

ELECTRICAL

The following electrical work is included in this proposal:

One (1) 200 amp overhead meter fitting, 277/480 volt, 3 phase, 4 wire

One (1) 200 amp panel, 277/480 volt, 3 phase, 4 wire, 42 circuits with: (1) 3 pole, 60 amp and (5) single pole, 20 amp

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One (1) 45 KVA transformer, 480-120/208 volt

Power supplied by new service. Service to be provided by owner.

Lighting will consist of the following:

Fifty-four (54) 400 watt metal halide high bay fixtures

Six (6) 8', 2-lamp fluorescent fixtures (night lights)

Six (6) exit signs with battery backup

Six (6) emergency units

Six (1) 150 watt wall pack fixtures with photo cell

Two (2) fan/light combination fixtures in toilet rooms

Six (6) surface mounted fixtures

Wiring devices will consist of the following:

Twenty-four (24) 110 volt duplex receptacles

Two (2) 110 duplex receptacles with ground fault interruption

Two (2) 110 duplex receptacles, separate circuit

Two (2) 110 duplex receptacles with ground fault interruption, weatherproof

Four (4) single pole switches

We include connection of sprinkler alarms, water heaters and HVAC equipment.

#### SPRINKLER SYSTEM

The sprinkler system will be a wet piping system of automatic sprinklers based on using the existing city water pressure with a new incoming water service to supply the system.

The new system is based on: (1) medium weight rolled paper storage 20' high, stored in close array and (2) covered storage of wood pallets 12' high. No in-rack sprinklers are included in this proposal.

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This system requires the installation of a fire pump. Fire pump is included in this proposal.

ARCHITECTURAL DESIGN

Included in this proposal is the preparation of architectural drawings by an architect licensed in the State of Illinois describing the scope of work as outlined above. Drawings will be stamped in a suitable form for building permit application. The actual cost of permits and fees is not included in this proposal.

Included in this proposal is the preparation of site engineering drawings as required for this project, designed in accordance with City of Chicago requirements.

Owner is to furnish the following:

Plat of survey for building permit application.

Topographical survey and utility survey.

Soil borings for building foundation and slab design.

PERMITS & FEES

Chapple Corporation will apply for the building permits and other related permits for this project. The actual cost of permits and fees will be paid by the owner.

UTILITIES

All utilities within the building will be stubbed at the building line. All utilities will be brought to the building by the owner.

Temporary utilities required for construction will be paid by the owner.

PRICE

Our lump sum price for the work as described in this proposal is  
.....\$ 954,237.00

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#10380-R4

ALTERNATE #1

Provide paving at Cherry Street. Paving will be approximately 32' wide x 506' long and will consist of 1-1/2" surface course, 1-1/2" binder and 8" base. Paving will be placed over the existing surface of Cherry Street. We will regrade the existing material on Cherry Street, but we have included no import or export of material under the pavement sub-base.

Add to the base price.....\$ 25,520.00

ALTERNATE #2

Extend the sidewalk at North Branch Street to create a concrete drive. Sawcut the existing asphalt at North Branch Street. Provide 400 lineal feet of depressed concrete curb and 6" thick concrete, reinforced with 6x6x#6 welded wire mesh. This concrete will measure approximately 336' long x 10' average width.

Add to the base price.....\$ 13,585.00

ALTERNATE #3

Provide 2'x 10' insulated Lite-panels in the MR-24 roof system, add to the base price.....\$300.00 each.

ALTERNATE #4

To overdig and remove unsuitable soils, fill with CA-1 rock and haul out excess excavated material, add to the base price.....\$32.00 per cubic yd.

The above prices include all state and local taxes. All-risk builder's risk insurance, naming Chapple Corporation as co-insured, is to be provided by the owner. Deductibles are the responsibility of the owner.

Chapple Corporation does not assume any responsibility for costs which may be incurred because of rulings or requirements of the Environmental Protection Agency nor for OSHA requirements as they relate to the use and occupancy of the building.

Chapple Corporation does not assume any responsibility for the removal of asbestos, toxic materials or hazardous materials.

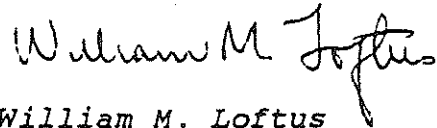
CHAPPLE CORPORATION

August 16, 1993

Viratec Tru Vue, Inc.  
#10380-R4

If this proposal and the General Conditions of Sale as specified on the reverse side of page one meet with your approval, please indicate your acceptance by signing in the space provided and return two copies to this office.

Very truly yours,



William M. Loftus  
President

WML:dpw

ACCEPTED:

Viratec Tru Vue, Inc.

By \_\_\_\_\_

Date \_\_\_\_\_

Amount \_\_\_\_\_

ACCEPTED:

Chapple Corporation

By \_\_\_\_\_

Date \_\_\_\_\_

Amount \_\_\_\_\_

EXHIBIT F

TRU VUE, INC. & CITY OF CHICAGO  
ESCROW AGREEMENT

NovemberOctober \_\_\_\_, 1993

ESCROW NO. \_\_\_\_\_

TITLE COMMITMENT NO.: N931482

TAKEN BY: \_\_\_\_\_

Purpose of the Escrow: to provide for periodic payments towards the development and construction of a manufacturing and distribution facility, as more particularly described on Exhibit A attached hereto (the "Project") to be located on the property (the "Property") described in Near North National Title Corporation Commitment No. N931482,

I. Parties to this Escrow.

- A. Near North National Title Corporation ("Escrowee").
- B. City of Chicago, an Illinois Municipal Corporation ("City") in connection with

(1) payment by the City for certain tax increment eligible improvements (the "TIF Payments") totaling Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000.00) as more particularly described in Exhibit B attached hereto; or such greater or lesser amount as may result from reallocation, and

(2) payment by the City for certain tax increment eligible non-lienable expenses (the "TIF Expense Payments") totaling One Hundred Fifty Thousand and 00/100 Dollars (\$150,000.00) as more particularly described in Exhibit C attached hereto or such greater or lesser amount as may result from reallocation.

Whenever the approval of the City is required hereunder, said approval shall be evidenced by the signature of one of the following: the Commissioner of the Chicago Department of Planning & Development, any Deputy Commissioner of the Chicago Department of Planning & Development, or any Assistant Commissioner of the Chicago Department of Planning & Development.

- C. Tru Vue, Inc. as the owner of the proposed Project (the "Owner").

II. Other Firms involved with, but not party to, this Escrow:

- A. Chapple Corporation (the "General Contractor"); and
- B. Bob Rubel (the "Inspecting Agent")

III. Sources of Funds:

- A. TIF Funds: The City shall deposit with the Escrowee from time to time, in accordance with this Escrow Agreement, TIF funds totalling Five Hundred Thousand and 00/100 Dollars (\$500,000.00) to pay for TIF Payments and TIF Expense Payments, and shall authorize the disbursement of said funds from time to time in writing in strict accordance with this Escrow Agreement.
- B. Private Payments: Owner shall deposit from time to time Private Payments of Six Hundred Thirty Thousand Dollars (\$630,000) (or such greater or lesser amount as may result from reallocation) for lienable expenses described on Exhibit D attached hereto and for disbursement in strict accordance with this Escrow Agreement.

TIF PAYMENTS SHALL BE MADE ONLY TO PAY FOR THOSE ITEMS LISTED IN EXHIBIT B HERETO, AND TIF EXPENSE PAYMENTS SHALL BE MADE ONLY TO PAY FOR THOSE ITEMS LISTED IN EXHIBIT C ATTACHED HERETO; PROVIDED, HOWEVER, OWNER MAY REALLOCATE COSTS AMONG AND BETWEEN TIF PAYMENT ITEMS AND TIF EXPENSE PAYMENT ITEMS, SO LONG AS OWNER HAS PROVIDED CITY AND ESCROWEE WITH REVISED EXHIBITS A, B AND C. OWNER MAY ALSO REALLOCATE COSTS AMONG AND BETWEEN LIENABLE PRIVATE PAYMENT EXPENSE ITEMS LISTED ON EXHIBIT D AND NON-LIENABLE PRIVATE PAYMENT EXPENSE ITEMS LISTED ON EXHIBIT E, SO LONG AS OWNER HAS PROVIDED CITY AND ESCROWEE WITH REVISED EXHIBITS A, D AND E.

- IV. Disbursements: Escrowee is authorized and directed to disburse the funds deposited hereunder in accordance with the terms and conditions of this escrow as hereinafter set forth, and pursuant to statements of amounts due, approved by the Owner and the City, where applicable, only after obtaining such releases and satisfactions

of mechanic's liens or waivers of mechanic's liens and sworn statements of the General Contractor, subcontractors, sub-subcontractors and material suppliers required by Escrowee to enable Escrowee to issue the insurance coverage or comply with the disbursement requirements herein specified. However, TIF Expense Payments shall be disbursed in accordance with the provisions of Paragraph V.B. of this escrow.

V. Deposits required for Disbursement.

A. TIF Payments and Private Payments: Prior to each disbursement of TIF Payments or Private Payments for lienable expenses hereunder, it is a requirement of this escrow that the Escrowee be furnished:

1. A current dated Sworn Owner's Statement disclosing the various contracts entered into by the Owner and setting forth the names of the contractors, their addresses, work or materials to be furnished, amounts of the contracts, amounts paid to date, amounts of current payments, and balances due, and otherwise in the form attached hereto as Exhibit I;
2. A current dated Sworn General Contractor's Statement setting forth all contractors and material men with whom he has contracted, amounts of contracts, amounts paid to date, amounts of current payments, and balances due, and otherwise in the form attached hereto as Exhibit J;
3. Sufficient funds to cover the requested disbursements;
4. Statements, waivers, affidavits, supporting waivers, and releases of lien from such persons and in such form as may be required by Escrowee for the purpose of providing the title insurance coverage specified herein;
5. A certificate in the form attached hereto as Exhibit K from the Inspecting Agent certifying that the work covered by the requested disbursement has been completed in accordance with the plans and specifications as approved by the City of Chicago in



issuing its building permit ("Inspecting Agent Certificate");

6. In the case of TIF Payments, a completed Request for TIF Payment, in the form attached hereto as Exhibit F, executed by Owner and approved by City;
7. In the case of Private Payments, a completed Request for Private Payment, in the form attached hereto as Exhibit H, executed by Owner and approved by City; and
8. Evidence that the Owner and City have satisfied themselves as to the completion of construction for which such funds are deposited in the form of:
  - a. PRIVATE PAYMENTS: Authorization of the Inspecting Agent as evidenced by a completed Inspecting Agent Certificate ; and
  - b. TIF PAYMENTS: Written approval by the City of the Request for TIF Payment for each monthly draw.

B. TIF Expense Payments: Prior to each disbursement of TIF Expense Payments, it is a requirement of this escrow that the Escrowee be furnished:

1. Sufficient funds to cover the requested disbursement; and
2. A "Request for TIF Expense Payment", completed by Owner and approved by the City in the form attached hereto as Exhibit G. ONCE THE FUNDS REQUIRED PURSUANT TO B(1) ABOVE HAVE BEEN DEPOSITED, A REQUEST FOR TIF EXPENSE PAYMENT, APPROVED BY THE CITY AND OWNER, SHALL BE THE SOLE REQUIREMENT, DEPOSIT, AND PRECONDITION FOR THE ESCROWEE TO DISBURSE TIF EXPENSE PAYMENTS.

VI. Conditions to Disbursements of TIF Funds and Private Payments:

A. TIF Payments: With respect to each request for TIF Payments, the Inspecting Agent will, simultaneous to its deposits to this Escrow, submit to the City Department of

Planning & Development ("DPD") a copy of the Request for TIF Payment, the Inspecting Agent's Certificate and the Request for Private Payment for the work covered in the requested disbursement, and Owner will submit to DPD a copy of the Evidence of Non Lienable Private Payments in the form attached hereto as Exhibit L. The City will, within 20 calendar days, either **deposit into the Escrow and** authorize the Escrowee to disburse the amount requested in the Request for TIF Payment by signing the Request for TIF Payment and returning same to Escrowee by hand delivery or by telecopier, or will notify in writing the Escrowee, Owner, Inspecting Agent, and General Contractor that the Request for TIF Payment has not been approved giving specific reasons as to how the Request is in violation of the Redevelopment Agreement between the Owner and the City dated ~~November~~~~October~~ \_\_, 1993, or in violation of this Escrow Agreement.

- B. TIF Expense Payments: With respect to each request for TIF Expense Payments, Owner will submit to DPD a copy of the Evidence of Non Lienable Private Payments. The City will, within 20 calendar days, either **deposit into the Escrow and** authorize the Escrowee to disburse the amount requested in the Request for TIF Expense Payment by signing the Request for TIF Expense Payment and returning same to Escrowee by hand delivery or by telecopier, or will notify in writing the Escrowee and Owner, that the Request for TIF Expense Payment has not been approved giving specific reasons as to how the Request is in violation of the Redevelopment Agreement between the Owner and the City dated ~~November~~~~October~~ \_\_, 1993, or in violation of this Escrow Agreement.
- C. Private Payments: With respect to each request for Private Payments, the Inspecting Agent will, simultaneous to its deposits to this Escrow, submit to the Owner a copy of the Inspecting Agent Certificate. The Owner will within 20 calendar days deposit the funds necessary to make said Private Payment.
- D. Every Disbursement: With respect to each disbursement of TIF Payments and Private Payments, Escrowee shall retain 10% of the amount of the TIF Payment and Private Payment **to be paid to the General Contractor** until the final disbursement, and Escrowee shall be prepared to furnish to

Owner an ALTA Endorsement over mechanic's lien claims to the amount that has been disbursed.

- VII. Conditions to First Disbursement of TIF Payments and Private Payments. It is a condition to this escrow that prior to the first disbursement of TIF Payments or Private Payments hereunder, the Escrowee shall be furnished an approval in writing by the City of the Sworn Owner's statement and by the Owner of the Sworn General Contractor's statement, which are provided as Exhibit I and Exhibit J attached hereto.
- VIII. Payees of Disbursements. All disbursements will be made by the Escrowee to the payee shown in the Request form. In the event that the General Contractor and any subcontractor jointly authorize the Escrowee to pay any funds due one to the other, the Escrowee may comply with such authorization. However, it is the intention of the parties named herein and signatory hereto that no person not a party signatory to this escrow shall have the right to look to the Escrowee for any disbursement hereunder under a third party beneficiary theory or otherwise, and that the Escrowee owes no duty to any such third party to make any disbursement.
- IX. Condition to Final Disbursement. The following shall be required prior to the final disbursement of TIF Payments or Private Payments:
- A. Escrowee must be prepared to furnish an ALTA Owner Policy with a special Mechanic's Lien Endorsement and endorsements as provided in Section IV hereof;
  - B. The Inspecting Agent shall deliver a final statement addressed to Owner and City stating that the project has been completed in accordance with the Plans and Specifications; and
  - C. A Certificate of Completion from the City pursuant to the Redevelopment Agreement.
- X. Extent of Escrowee's Undertaking. At any time prior to its commencement of disbursements of funds hereunder, the Escrowee reserves the right to decline commencement of disbursements of funds if Escrowee declines any risk offered for insurance hereunder. Commencement of disbursement makes this agreement effective as to all funds received and disbursed on the construction in question. The functions and duties assumed by Escrowee include only those described in this agreement, and the Escrowee is not obligated to act,

except in accordance with the terms and conditions of this escrow agreement. Escrowee does not insure that the building will be completed; nor does it insure that the building, when completed, will be in accordance with plans and specifications; nor does it insure that sufficient funds will be available for completion; nor does it assume the certifications of the Inspecting Agent as its own; nor does it assume any liability for same other than procurement as one of the conditions precedent to each disbursement. Escrowee has no liability for loss caused by an error in the certification furnished it hereunder as to work in place. Escrowee shall not be responsible for any loss of documents or funds while such documents or funds are not in its custody. Documents or funds deposited in the United States mail shall not be construed as being in custody of Escrowee.

XI. Billing. Bill all title and escrow charges to Owner. Escrow fees are payable when billed. If escrow fees are not paid within 30 days of billing, Escrowee may cease making any further disbursements until escrow fees have been paid.

XII. General Conditions.

- A. Where, after the first disbursement, a further title search reveals a subsequently arising exception over which Escrowee is unwilling to insure, Escrowee will notify the Owner and City and may discontinue disbursement until the exception has been disposed of to the satisfaction of the Owner and City. A mechanic's lien claim over which Escrowee is required to insure hereunder does not warrant a discontinuance of disbursement.
- B. In the event a default is declared by the City under the certain Redevelopment Agreement with respect to the TIF Payment and TIF Expense Payment, Escrowee shall have the right to discontinue further disbursements under this agreement respecting the party declaring such default and shall continue as to such other party.
- C. Except as to deposits of TIF Funds for which the Escrowee has received express written or oral direction from the City of Chicago Treasurer concerning investments or other handling and Private Payment funds for which the Escrowee has received express written or oral direction from Owner concerning investments or other handling, the parties hereto agree that the Escrowee shall be under no duty to invest or reinvest any deposits at any time held pursuant to this

Escrow Agreement, and that the Escrowee may commingle such deposits with other deposits or with Escrowee's own funds in the manner provided for the administration of funds under Section 3 of the Illinois Trust Companies Act (Ill. Rev. Stat., c.17, S.1555) and may use any part or all such funds for Escrowee's own benefit without obligation to any party for interest or earnings derived thereby, if any, provided, however, that nothing herein shall diminish Escrowee's obligation to apply the full amount of the deposits in accordance with the terms of this agreement. With respect to deposits Escrowee is instructed to invest hereunder, Escrowee is not to be held responsible for any loss of principal or interest which may be incurred as a result of making the investments or redeeming said investment for the purposes of this escrow.

- D. Upon direction of the City, Escrowee shall deliver any TIF Funds remaining in the escrow after completion of the approved TIF Payments and TIF Expense Payments to the City.
- E. The undersigned agree that this Escrow Agreement is not intended by any of the undersigned to give any benefits, rights, privileges, actions, or remedies to any person, partnership, firm, or corporation other than Escrowee, City and Owner, as a third party beneficiary or otherwise under any theory of law.
- F. If Escrowee discovers a misstatement in an affidavit furnished by General Contractor or Owner, or any inconsistency or contradiction between or among any figure in the Owner Statement, or the General Contractor's statement or any subcontractor's statement, Escrowee will stop disbursement until the misstatement has been corrected. Escrowee may, at its option, verify information submitted by the Owner and the contractors or may require the Owner to furnish or cause to be furnished verification of contract amounts by subcontractors or material suppliers.
- G. All required documentation must be submitted to Escrowee and be approved by Escrowee prior to the final disbursement of deposits by Escrowee.
- H. The functions and duties assumed by Escrowee include only those described in this Agreement and Escrowee is not

obligated to act except in accordance with the terms and conditions of this Agreement. Escrowee does not insure that the building will be completed, nor does it insure that the building, when completed, will be in accordance with plans and specifications, nor that sufficient funds will be available for completion, nor does it make the certifications of the Inspector/Architect its own, nor does it assume any liability for same other than procurement as one of the conditions precedent to each disbursement. Escrowee has no liability for loss caused by an error in the certification furnished it hereunder as to work in place.

AGREED TO:

FOR CITY

By: \_\_\_\_\_

FOR OWNER

By: \_\_\_\_\_

ACCEPTED FOR ESCROWEE

By: \_\_\_\_\_

The undersigned General Contractor acknowledges that it is neither a party to the foregoing Escrow Agreement, nor does that agreement confer any benefits, rights, privileges, actions or remedies to any person, partnership, firm or corporation other than Escrowee, Owner and City under a third party beneficiary theory or otherwise under any theory of law.

The undersigned agrees that the improvements referred to in the Escrow Agreement will be constructed and completed in accordance with the plans and specifications and the construction contract. The undersigned also concurs in the above escrow instructions signed by the Owner and City or their representatives.

FOR THE GENERAL CONTRACTOR

By: \_\_\_\_\_

Dated: \_\_\_\_\_

The undersigned Inspecting Agent acknowledges that it is neither a party to the foregoing Escrow Agreement, nor does that agreement confer any benefits, rights, privileges, actions or remedies to any person, partnership, firm or corporation other than Escrowee, Owner and City under a third party beneficiary theory or otherwise under any theory of law. The undersigned also concurs in the above escrow instructions signed by the Owner and City or their representatives.

FOR THE INSPECTING AGENT

By: \_\_\_\_\_

Dated: \_\_\_\_\_



## EXHIBITS TO ESCROW AGREEMENT

- A. Schedule of the Project
- B. Schedule of TIF Payments
- C. Schedule of TIF Expense Payments
- D. Schedule of Lienable Private Payments
- E. Schedule of Non-Lienable Private Payments
- F. Request for TIF Payment
- G. Request for TIF Expense Payment
- H. Request for Private Payments
- I. Owners Sworn Statement
- J. General Contractors Sworn Statement
- K. Inspecting Agent Certificate
- L. Evidence of Non Lienable Private Payments

**Exhibit B  
TIF Payments**

1.	Rehabilitation of existing building	\$160,000
2.	Excavation/Site Work	164,000
3.	Survey	1,000
4.	Engineering	<u>25,000</u>
	<b>TOTAL TIF PAYMENTS</b>	<b>\$350,000</b>

\*Pursuant to the Redevelopment Agreement, dollars can be reallocated among TIF Payment and TIF Expense Payment line items set forth on Exhibit B and Exhibit C.

**Exhibit C**  
**TIF EXPENSE PAYMENTS**

1.	Off-Site Work	\$70,000
2.	Soils/Water Table Contingency	34,000
3.	Title	4,000
5.	Consultants	17,000
6.	Job Training	<u>25,000</u>

**TOTAL TIF EXPENSE PAYMENTS**                      \$150,000

\*Pursuant to the Redevelopment Agreement, dollars can be reallocated among TIF Payment and TIF Expense Payment line items set forth on Exhibit B and Exhibit C.

**Exhibit D**  
**LIENABLE PRIVATE PAYMENTS**

1.	New Building	\$600,000
2.	Excavation/Site Preparation	<u>30,000</u>
	<b>TOTAL PRIVATE PAYMENTS</b>	<b>\$630,000</b>

\*Pursuant to the Redevelopment Agreement, dollars can be reallocated among Liable Private Payment and Non-Liable Private Payment line items set forth on Exhibit D and Exhibit E.

**Exhibit E**  
**NON-LIENABLE PRIVATE PAYMENTS**

Land Value	\$600,000
Asset Purchase	924,000
Relocation Costs	500,000
Consultants	25,000
Job Training	135,000
Inventory	600,000
Equipment	820,000
Total Non Liable Private Payments	\$3,604,000

\*Pursuant to the Redevelopment Agreement, dollars can be reallocated among Liable Private Payment and Non-Liable Private Payment line items set forth on Exhibit D and Exhibit E.

**Exhibit F  
REQUEST FOR TIF PAYMENT**

The undersigned, being an authorized agent for Tru Vue, Inc., ("TV") does hereby approve the following TIF Payments, and does hereby request TIF Payments be made in accordance with the Redevelopment Agreement dated October \_\_\_\_, 1993, by and between the City of Chicago ("City") and TV and the Escrow Agreement (the "Escrow") dated October \_\_, 1993 made by and among TV, the City and Near North National Title Corporation.

TIF Payment, as that term is defined in the Escrow, is requested in the amount of \_\_\_\_\_ for the following line items as specified in the Schedule of TIF Payments which is attached to the Escrow as Exhibit B:

LINE ITEM	AMOUNT REQUESTED	BALANCE AFTER REQUESTED PAYMENT	PAYEE	VOUCHER DATE
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____

Tru Vue, Inc.  
By: \_\_\_\_\_

Approved by the Department of Planning & Development

\_\_\_\_\_  
Title: Commissioner of Planning & Development  
or Deputy Commissioner of Planning & Development  
or Assistant Commissioner of Planning & Development

**Exhibit G  
REQUEST FOR TIF EXPENSE PAYMENT**

The undersigned, being an authorized agent for Tru Vue, Inc., ("TV") does hereby approve the following TIF Expense Payments, and does hereby request TIF Expense Payments be made in accordance with the Redevelopment Agreement dated October \_\_\_\_, 1993, by and between the City of Chicago ("City") and TV and the Escrow Agreement (the "Escrow") dated October \_\_, 1993 made by and among TV, the City and Near North National Title Corporation.

TIF Expense Payment, as that term is defined in the Escrow, is requested in the amount of \_\_\_\_\_ for the following line items as specified in the Schedule of TIF Expense Payments which is attached to the Escrow as Exhibit C:

LINE ITEM	AMOUNT REQUESTED	BALANCE AFTER REQUESTED PAYMENT	PAYEE	VOUCHER DATE
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____

Tru Vue, Inc.

By: \_\_\_\_\_

Approved by the Department of Planning & Development

\_\_\_\_\_  
 Title: Commissioner of Planning & Development  
 or Deputy Commissioner of Planning & Development  
 or Assistant Commissioner of Planning & Development

**Exhibit H  
REQUEST FOR PRIVATE PAYMENT**

Chapple Corporation, as the General Contractor for the construction of the Tru Vue, Inc. ("TV") manufacturing and distribution facility TIF Improvements, does hereby request Private Payments be made in accordance with the Redevelopment Agreement dated \_\_\_\_\_ by and between the City of Chicago (the "City") and the Escrow Agreement (the "Escrow") dated October \_\_\_\_\_, 1993 made by and among TV, the City and Near North National Title Corporation.

Private Payment is requested in the amount of \_\_\_\_\_ for the following line items as specified in the Schedule of Lienable Private Payments which is attached to the Escrow as Exhibit D:

LINE ITEM	AMOUNT REQUESTED	BALANCE AFTER REQUESTED PAYMENT	PAYEE	VOUCHER DATE
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____

Chapple Corporation

By: \_\_\_\_\_

Approved by Tru Vue, Inc.

\_\_\_\_\_  
Title:



Exhibit L  
EVIDENCE OF NON-LIENABLE  
PRIVATE PAYMENT

The undersigned, being an authorized agent for Tru Vue, Inc. ("TV") does hereby certify that the following non-lienable Private Payment expense line items as specified in the Schedule of Non-Lienable Private Payments which is attached to the Escrow as Exhibit E, have been incurred.

LINE ITEM	AMOUNT REQUESTED	BALANCE AFTER REQUESTED PAYMENT	PAYEE	VOUCHER DATE
1. _____	_____	_____	_____	_____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____
5. _____	_____	_____	_____	_____
6. _____	_____	_____	_____	_____

Tru Vue, Inc.

By: \_\_\_\_\_

Its: \_\_\_\_\_

## EXHIBIT H

### Permitted Liens

1. Mortgage securing Lender Financing

EXHIBIT I

PROJECT BUDGET

<u>Line Item</u>	<u>Private Costs</u>	<u>TIF-Funded Costs</u>
Land Value	\$ 600,000	
Asset Purchase	899,000	
Relocation Costs	500,000	
New Building	625,000	
Rehabbing of Existing Building		\$160,000
Excavation/site preparation	30,000	164,000
Off-site Work		70,000
Engineering		25,000
Soil/Water Table Contingency		34,000
Consultants	25,000	17,000
Title, Survey, etc.		5,000
Job Training	135,000	25,000
Inventory	600,000	
Equipment	820,000	
Traffic Light		120,000
City Fee		60,000
Total Costs	<u>\$4,234,000</u>	<u>\$680,000</u>
Total Project Costs	\$4,914,000	

EXHIBIT J

PRIOR EXPENDITURES

State of Illinois )  
 ) SS  
 County of Cook )

The affiant, Thomas Graham, Vice President of Tru Vue, Inc., being duly sworn on oath deposes and says that Tru Vue, Inc. is the owner of the premises described in Exhibit B.

- A. That he is thoroughly familiar with all the facts and circumstances concerning the redevelopment project between the City of Chicago and Tru Vue, Inc.
- B. That with respect to said redevelopment project, expenses paid to date are listed below.
- C. That this statement is a true and complete statement of all such prior expenditures.

1.	Land	\$600,000
2.	Purchase of Miller Art Board	898,795.63
3.	Rehabbing of Existing Building	22,213
4.	Excavation/Site Prep.	1,015
5.	Consultants	17,000
6.	Survey	1,200
7.	Job Training	4265.04
8.	Inventory	1,680
9.	Equipment	<u>38,893.78</u>
<b>Total Prior Expenditures</b>		<b>\$1,585,062.45</b>

By: \_\_\_\_\_  
 Thomas Graham

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 1993.

POLSKY & RIORDAN LTD.

ATTORNEYS AT LAW

November 10, 1993

City of Chicago  
121 North LaSalle  
Chicago, Illinois 60602

Re: City of Chicago, Illinois, Tax Increment Allocation  
Project, Tru Vue, Inc.

Ladies and Gentlemen:

We have acted as counsel to Tru Vue, Inc., an Illinois corporation (the "Developer"). In connection with the negotiation and execution of a Redevelopment Agreement (the "Redevelopment Agreement") dated as of November 10, 1993, between the City of Chicago, Illinois (the "City") and the Developer, you have asked that we render this opinion in our capacity as counsel to the Developer. Accordingly, we have examined such records and proceedings of the Developer as we have deemed pertinent to this opinion, including:

- A) the Redevelopment Agreement;
- B) the Articles of Incorporation, by-laws, Certified copy of the Corporate Resolution authorizing the execution of the Redevelopment Agreement, Secretary's Certificate and Certificate of Incumbency, and Illinois Secretary of State Certificate of Good Standing dated August 31, 1993, for Tru Vue, Inc; and
- C) An affidavit of Thomas Graham, Vice President of the Developer, dated November 10, 1993 (the "Affidavit").

Based solely on the foregoing without undertaking any independent inquiry, we are of the opinion that:

1. the Developer is a duly organized and existing corporation under the laws of the State of Illinois, with full power and authority to perform under the Redevelopment Agreement;

2. the Developer has all requisite power and authority to enter into and perform its obligations under the Redevelopment Agreement;

3. the Redevelopment Agreement has been duly authorized, executed, and delivered by the Developer and constitutes a legal, valid, and binding instrument enforceable against the Developer in accordance with its terms, except to the extent limited by bankruptcy, reorganization, debt arrangement, insolvency, or other laws and equitable principles of general application relating to or affecting the enforcement of creditors' rights, and except that we express no opinion on the enforceability of the covenant set forth in Section 8.01 (j)(1) relating to Developer not becoming a party to any merger, liquidation or consolidation, since Developer is a wholly owned subsidiary of a publicly traded company;

4. based solely on the Affidavit, no litigation or proceeding is pending or, to the best of our knowledge, threatened, seeking to restrain or enjoin the performance by the Developer of the Redevelopment Agreement, or questioning the validity thereof, or in any way contesting the existence or powers of the Developer;

5. based solely on the Affidavit, nothing has come to the attention of such counsel which would lead such counsel to believe that the execution and delivery of the Redevelopment Agreement and compliance with the provisions thereof, conflicts with or constitutes on the part of the Developer, a breach of or violation or a default under any agreement or instrument to which the Developer is a party, or by which it is bound, or violates any law, regulation, court order, or consent decree to which the Developer or its property is subject; and

6. except for building, utility, and environmental permits, and similar developmental and construction authorizations and any approval of the City required pursuant to the Redevelopment Agreement, no approval, consent or authorization of any governmental or public agency or authority, including the City, not yet received, is required in connection with the execution, delivery, and performance by the Developer of the Redevelopment Agreement;

This opinion is limited to the matters set forth in this letter as of the date hereof, and no opinion may be inferred or implied beyond that expressly stated in this letter, and

Polsky & Riordan, Ltd.  
Tru Vue, Inc.  
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we undertake no obligation to inform you of any changes which  
in anyway alter the opinion expressed herein.

Polsky & Riordan, Ltd.

By: Mary Riordan

## EXHIBIT M

### SECTION 8.19. CONDITIONAL PROVISIONS

(a) Governmental Charges. Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to Developer, the Property or the Project including but not limited to real estate taxes. Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien (except in the case of real estate taxes) or the sale or forfeiture of the Property. Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.19(b) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless Developer has given prior written notice to DPD of Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option, (i) Developer shall demonstrate to DPD's reasonable satisfaction that legal proceedings instituted by Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent a lien against (except in the case of real estate taxes) or the sale or forfeiture of all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings and/or (ii) Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall reasonably require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest. If Developer fails to pay any Governmental Charge or to obtain discharge of the same, Developer shall advise DPD thereof in writing, at which time DPD may, but shall not be obligated to, and without waiving or releasing any obligation or liability of Developer under this Agreement, in DPD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DPD deems advisable. All sums so paid by



DPD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DPD by Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate City to pay any such Governmental Charge. Additionally, if Developer fails to pay any Governmental Charge, City, in its sole discretion, may require Developer to submit to City Financial Statements at Developer's own expense.

(b) Real Estate Taxes.

(i) Acknowledgement of Real Estate Taxes. Developer agrees that (A) for the purpose of this Agreement, the total projected minimum assessed value of the Property which is necessary to support the debt service indicated ("Minimum Assessed Value") is shown on Exhibit N attached hereto and incorporated herein by reference for the years noted on Exhibit N; (B) Part II of Exhibit N sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (C) the real estate taxes anticipated to be generated and derived from the respective portions of the Property and the Project for the years shown are fairly and accurately indicated in Exhibit N.

(ii) Real Estate Tax Exemption. With respect to the Property or the Project, neither Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to Developer shall, during the Term of this Agreement, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that the Redevelopment Plan is in effect.

(iii) No Reduction in Real Estate Taxes. Neither Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to Developer shall, during the Term of this Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the assessed value of all or any portion of the Property or the Project below the amount of the Minimum Assessed Value as shown in Exhibit N.

(iv) No Objections. Neither Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either City or by any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean a complaint seeking to increase the assessed value of the Project.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.19 are covenants running with the land and this Agreement shall be recorded by Developer as a memorandum thereof, at Developer's expense, with the Cook County Recorder of Deeds at such time as the City shall determine and after the City has exercised its option under this Section 8.19. These restrictions shall be binding upon Developer

and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released upon expiration of the Term of the Agreement. Developer agrees that any sale, conveyance, or transfer of title to all or any portion of the Property from and after the date hereof shall be made subject to such covenants and restrictions.

(c) Insurance. In addition to the insurance required pursuant to Section 12 hereof, Developer shall at all times provide, maintain and keep in force the following insurance:

(i) All Risk Property Insurance

- (A) Developer shall obtain All Risk Property insurance in the amount of the full replacement value of Developer's property located in the Redevelopment Area, including but not limited to the Property.
- (B) Post-construction, Developer shall obtain an All Risk Property policy, including improvements and betterments in the amount of full replacement value of Developer's property located in the Redevelopment Area, including but not limited to the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable.

EXHIBIT N

Year	Minimum Assessed Value	Estimated Multiplier (10-yr. ave.)	Estimated Tax Rate	Property Tax Revenue
1994	\$201,600	1.9121	9.3%	\$0
1995	\$403,200	1.9121	9.5%	\$35,892
1996	\$403,200	1.9121	9.5%	\$73,241
1997	\$542,268	1.9121	9.3%	\$73,241
1998	\$542,268	1.9121	9.5%	\$96,543
1999	\$542,268	1.9121	9.5%	\$98,503
2000	\$653,377	1.9121	9.3%	\$98,503
2001	\$694,232	1.9121	9.5%	\$116,324
2002	\$694,232	1.9121	9.5%	\$126,107
2003	\$860,286	1.9121	9.3%	\$126,107
2004	\$909,068	1.9121	9.5%	\$153,162
2005	\$909,068	1.9121	9.5%	\$165,132
2006	\$1,041,738	1.9121	9.3%	\$165,132
2007	\$1,095,044	1.9121	9.5%	\$185,467
2008	\$1,095,044	1.9121	9.5%	\$198,914
2009	\$1,240,016	1.9121	9.3%	\$198,914
2010	\$1,298,265	1.9121	9.5%	\$220,767
2011	\$1,298,265	1.9121	9.5%	\$235,829
2012	\$1,456,680	1.9121	9.3%	\$235,829
2013	\$1,520,330	1.9121	9.5%	\$259,341