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**SLRDM 7400 SOUTH ROCKWELL DEVELOPMENT, LLC
REDEVELOPMENT AGREEMENT**

BY AND BETWEEN

THE CITY OF CHICAGO

AND

SLRDM 7400 SOUTH ROCKWELL DEVELOPMENT, LLC

This agreement was prepared by
and after recording return to:
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LIST OF EXHIBITS

Exhibit A	*Redevelopment Area
Exhibit B	*Property
Exhibit B-1	*Gateway Park
Exhibit C	*TIF-Funded Improvements
Exhibit D	Redevelopment Plan
Exhibit E	Construction Contract
Exhibit F	Escrow Agreement
Exhibit G	*Permitted Liens
Exhibit H-1	*Project Budget
Exhibit H-2	*MBE/WBE Budget
Exhibit I	Approved Prior Expenditures
Exhibit J	Opinion of Developer's Counsel
Exhibit K	*Preliminary TIF Projection -- Real Estate Taxes
Exhibit L	Intentionally Omitted
Exhibit M-1	*Form of City Note
Exhibit M-2	*Form of City Note
Exhibit N	*Public Benefits Program
Exhibit O	Form of Subordination Agreement
Exhibit P	Form of Payment Bond
Exhibit Q	Road Work
Exhibit R	Recapture Mortgage

(An asterisk(*) indicates which exhibits are to be recorded.)

Prepared by and after recording
return to:

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121 North LaSalle Street,
Room 600
Chicago, IL 60602

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**SLRDM 7400 SOUTH ROCKWELL DEVELOPMENT, LLC
REDEVELOPMENT AGREEMENT**

This SLRDM 7400 South Rockwell Development, LLC Redevelopment Agreement (this "**Agreement**") is made as of this 21st day of December, 2007, by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Planning and Development ("**DPD**"), and SLRDM 7400 South Rockwell Development, LLC, an Illinois Limited Liability Company (the "**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**"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power 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:** The City is authorized under the provisions of the **Tax Increment Allocation Redevelopment Act**, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "**Act**"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. **City Council Authority:** To induce redevelopment pursuant to the Act, the City Council of the City (the "**City Council**") adopted the following ordinance on March 10, 1999: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Greater Southwest Industrial Corridor (East) Tax Increment Financing Redevelopment Project Area" (the "**Original Plan**") and adopted the Greater Southwest Industrial Corridor (East) Redevelopment Area

Project and Plan, Amendment No. 1 ("**Amendment No. 1**") on March 29, 2006 to amend the Original Plan (the "**Amendatory Ordinance**"); and adopted the following ordinances on March 10, 1999: (2) "An Ordinance of the City of Chicago, Illinois Designating the Greater Southwest Industrial Corridor (East) Tax Increment Financing Redevelopment Project Area Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Greater Southwest Industrial Corridor (East) Tax Increment Financing Redevelopment Project Area Redevelopment Project Area" (the "**TIF Adoption Ordinance**") (items(1)-(3) collectively referred to herein as the "**TIF Ordinances**"). The redevelopment project area referred to above (the "**Redevelopment Area**") is legally described in Exhibit A hereto.

D. **The Project:** The Developer has purchased (the "**Acquisition**") certain property located within the Redevelopment Area at 2601 - 2845 West 74th Street and 7400 - 7450 South Rockwell Avenue, Chicago, Illinois 60629 all as legally described on Exhibit B hereto (the "**Property**"), and, within the time frames set forth in Section 3.1 hereof, shall commence and complete construction of an approximately 17 acre development (the "**Project Site**"), which will have approximately 139 two-story detached single family dwelling units, with 3 bedrooms and 2 bathrooms within approximately 1,624 square feet of living space with off street parking for two cars, uniform landscaping and construction in accordance with the style, materials, and any required "**Building Green**" initiatives in conformance with Residential Planned Development No. 979 (the "PD") (the "**Facility**") thereon. A minimum of twenty-eight dwelling units, or 20%, of the total dwelling units (individually, a "**Unit**"), must be offered as affordable to eligible families consistent with the requirements of Section 2-44-90 of the Municipal Code of Chicago and priced (collectively, the "**Affordable Units**") at or below 100% Chicago Primary Metropolitan Statistical Area median income based on current HUD regulations ("**AMI**"). All of such Affordable Units shall continue to be Affordable Units for a period of 30 years after the initial sale of such Affordable Unit, with the remaining 111 Units ("**Market Price Units**") to be sold at market prices. The Developer, in addition to all private on-site roadways and utilities, will be responsible for completing the design and construction of certain public improvements (public utilities, road, curbs, gutter, pavement, sidewalks) to be dedicated to the City as described on **Exhibit Q** hereto (collectively referred to herein as the "**Road Work**"). The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) and the Road Work are collectively referred to herein as the "**Project**." The Project will be part of a larger development, which will include a 94 unit affordable rental building for seniors and a 7,000 square feet senior satellite center. The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. **Redevelopment Plan:** The Project will be carried out in accordance with this Agreement and the City of Chicago Greater Southwest Industrial Corridor (East) Redevelopment Area Project and Plan (the "**Redevelopment Plan**"), as amended by Amendment No. 1 dated October 25, 2005, attached hereto as Exhibit D.

F. **City Financing** The City agrees to use, in the amounts set forth in Section 4.3 hereof, the proceeds of the City Note 1 and City Note 2 (defined below) (as defined below), to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement and City Note 1 and City Note 2.

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:

"Act" shall have the meaning set forth in the Recitals hereof.

"Actual residents of the City" shall mean persons domiciled within the City.

"Acquisition" shall have the meaning set forth in the Recitals hereof.

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

"Affordable Housing Covenant" shall mean the income, rent, amenities, end user and occupancy restriction covenants set forth in Recital D and Section 8.20, which shall apply for the 30 year term in compliance with the ordinances setting forth Affordability Guidelines and Affordable Housing Commitment of the City.

"Authorized Officer" shall mean the person duly appointed and serving as the Chief Financial Officer of the City, or if no such person has been appointed, then the City Comptroller, being each referred to in this Agreement as an "Authorized Officer."

"Available Incremental Taxes" shall mean an amount equal to 95% of the Incremental Taxes deposited in the Greater Southwest Industrial Corridor (East) Redevelopment Project Area TIF Fund attributable to the taxes levied on the Property.

"Certificate" shall have the meaning set forth in Section 7.1 hereof.

"Certificate of Expenditure" shall mean the Certificate of Expenditure referenced in the City Note 1 pursuant to which the principal amount of the City Note will be established.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.3, Section 3.4 and Section 3.5, respectively.

"City" shall mean the City of Chicago, an Illinois municipal corporation.

"City Council" shall have the meaning set forth in the Recitals hereof.

"City Funds" shall mean the funds paid to the Developer as described in Section 4.3(b).

"City Note 1" shall mean the City of Chicago Tax Increment Allocation Revenue Note (Greater Southwest Industrial Corridor (East), Taxable Series 2007, to be in the form attached hereto as Exhibit M-1, in the maximum principal amount of \$6,093,318, or (ii) the amount provided for under Section 4.3(c)(i), to be issued by the City to the Developer and dated as of the Closing Date, accruing interest at the City Note 1 Interest Rate and eligible for payment thereon after completion of the Road Work and issuance of the Initial Completion Certificate, as more fully described in Section 4.3 hereof.

"City Note 2" shall mean the tax-exempt City of Chicago Tax Increment Allocation Revenue Note (Greater Southwest Industrial Corridor (East), Tax Exempt Series 200_, to be in the form attached hereto as Exhibit-M-2, issued by the City to the Developer upon issuance of the Final Completion Certificate, bearing interest at the City Note 2 Interest Rate, and as more fully described in Section 4.3(b)(ii) hereof.

"City Note 1 Interest Rate" shall mean an annual rate equal to the median value of the 10-year Treasury Rate published in the daily Federal Reserve Release for 15 days prior to the Closing Date, plus 250 basis points, but in no event exceeding 7.50%.

"City Note 2 Interest Rate" shall mean an annual rate equal to the AAA 20-year G.O. Bond rate as published by Bloomberg on the date of issuance of City Note 2, plus 250 basis points, but in no event exceeding 7.375%.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Completion Date" shall mean no later than March 31, 2011.

"Construction Contract" shall mean that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between the Developer and the General Contractor providing for construction of the Project.

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

"**DPD**" shall mean the Department of Planning and Development of the City of Chicago.

"**Debt Service Schedule**" shall mean the schedule showing the debt service as set forth on City Note 1 or City Note 2, as the case may be.

"**Developer**" shall mean SLRDM 7400 South Rockwell Development, LLC, an Illinois limited liability company.

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

"**Environmental Laws**" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "**Superfund**" or "**Superlien**" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"**Equity**" shall mean funds of the Developer (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.1 hereof, which amount may be increased pursuant to Section 4.6 (Cost Overruns) or Section 4.3(b).

"**Escrow**" shall mean the construction escrow, if any, established pursuant to the Escrow Agreement.

"**Escrow Agreement**" shall mean the Escrow Agreement, if any as required by Lender, establishing a construction escrow, to be entered into as of the date hereof by the Title Company (or an affiliate of the Title Company), the Developer and Lender, substantially in the form of Exhibit F attached hereto. City shall receive copies of any disbursement request made under the Escrow Agreement.

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

"**Facility**" shall have the meaning set forth in the Recitals D of this Agreement.

"**Final Completion Certificate**" shall mean the certificate of completion that the City shall issue after issuance of the Initial Completion Certificate with respect to completion of the Facility as further described in Section 7.1 hereof.

"**Financial Statements**" shall mean complete reviewed and reported financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

"Gateway Park PINs" shall mean the parcels of property and PINs identified on Exhibit B-1.

"General Contractor" shall collectively mean the following: (i) Alko Construction, Inc., ("Alko") or another general contractor(s) hired by the Developer pursuant to Section 6.1 to construct the Facility and to provide demolition ("Facility Contractor"); and (ii) an entity, subject to approval by the Commissioner, that will construct the Road Work (the "Road Work Contractor"), if other than Alko.

"Greater Southwest Industrial Corridor (East) Redevelopment Project Area TIF Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"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.

"Human Rights Ordinance" shall have the meaning set forth in Section 10 of this Agreement.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into the Greater Southwest Industrial Corridor (East) Redevelopment Project Area TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof exclusive of the Gateway Park Pins identified on Exhibit B-1.

"Inflationary Incremental Taxes" shall mean actual Incremental Taxes up to but not exceeding the inflationary increment projections on the Debt Service Schedule.

"Lender" shall mean Harris N.A., a National Banking Association.

"Lender Financing" shall mean funds borrowed by the Developer from lenders and irrevocably available to pay for costs of the Project, in the amount set forth in Section 4.1 of this Agreement.

"Lock-Out Period" shall have the meaning set forth in Section 4.3(c) of this Agreement.

"Lock-Out Period Commencement Date" shall have the meaning set forth in Section 4.3(d) of this Agreement.

"MBE(s)" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a minority-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

"**MBE/WBE Budget**" shall mean the budget attached hereto as Exhibit H-2, as described in Section 10.3.

"**Municipal Code**" shall mean the Municipal Code of the City of Chicago.

"**Non-Governmental Charges**" shall mean all non-governmental charges, liens, claims, or encumbrances relating to the 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 G hereto.

"**Permitted Mortgage**" shall have the meaning set forth in Section 16 of this Agreement.

"**Plans and Specifications**" shall mean [final] [initial] construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

"**Prior Expenditure(s)**" shall have the meaning set forth in Section 4.5(a) hereof.

"**Project**" shall have the meaning set forth in the Recitals hereof.

"**Project Budget**" shall mean the budget attached hereto as Exhibit H-1, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.3 of this Agreement.

"**Property**" shall have the meaning set forth in the Recital D and Exhibit B of this Agreement.

"**Qualified Institutional Buyer**" shall mean [_____] [subject to the prior written approval of DPD].

"**Qualified Transfer**" shall mean (i) a pledge of City Note 1 or City Note 2 (as the case may be) to Lender or (ii) a sale of City Note 2 to [Qualified Institutional Buyer] or registered investment company approved by DPD.

"**Qualified Transferee**" shall mean Lender, [Qualified Institutional Buyer] or a registered investment company approved by DPD.

"**Redevelopment Area**" shall have the meaning set forth in the Recitals of this Agreement.

"**Redevelopment Plan**" shall have the meaning set forth in the Recitals of this Agreement.

"**Redevelopment Project Costs**" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Road Work" shall mean the design and construction of certain infrastructure, which the Developer shall dedicate to the City, including but not limited to, all necessary public utilities, roads, curbs, gutters, pavement, sidewalks) described on Exhibit Q hereto (collectively referred to herein as the **"Road Work."**

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

"State" shall mean the State of Illinois.

"Survey" shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM urban survey of the Property dated within 45 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the Facility and related improvements as required by the City or lender(s) providing Lender Financing).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the later of: (a) any date to which DPD and the Developer have agreed or (b) the date on which the Redevelopment Area is no longer in effect (through and including, December 31, 2023).

"TIF Adoption Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF-Funded Improvements" shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs; (ii) are eligible costs under the Redevelopment Plan; and (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement. Exhibit C lists the TIF-Funded Improvements for the Project.

"TIF Ordinances" shall have the meaning set forth in the Recitals hereof.

"Title Company" shall mean Chicago Title Insurance Company.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

"WBE(s)" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by

the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

SECTION 3

THE PROJECT

3.1 **The Project.** With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence construction no later than December 31, 2007; (ii) complete the Road Work no later October 30, 2008 or a later date, subject to the consent of the Commissioner; and (iii) complete construction of the Facility no later than November 30, 2012 or such later date that may be approved by the Commissioner. (the "Completion Date").

3.2 **Scope Drawings and Plans and Specifications.** The Developer has delivered the Scope Drawings and Plans and Specifications to DPD and DPD has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DPD as a Change Order pursuant to Section 3.4 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the 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.

3.3 **Project Budget.** The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Forty Two Million Four Hundred Nine Thousand One Hundred Fifty One Dollars (\$42,409,151). The Developer hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.2 hereof, shall be sufficient to complete the Project ; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.4 hereof.

3.4 **Change Orders.** All Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD for DPD's prior written approval. As used in the preceding sentence, a "material change to the Project" means (a) a reduction in the square footage of the Facility by more than 5%; (b) a change in the use of the Property to a use other than residential uses consistent with Residential Planned Development No. 979; (c) a delay in the completion of the Project that extends the Completion Date by more than six months; (d) any increase in the Project Budget in excess of ten (10%); (e) any material change in the size of the Units, or (d) any change in the number of Market Price and Affordable Units. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval (to the extent required in this Section). 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 the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders costing less than Fifty Thousand Dollars (\$50,000) each, to an aggregate amount of Two Hundred Fifty Thousand Dollars (\$250,000), do not require DPD's prior written approval as set forth in this **Section 3.4**, 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 therefor.

3.5 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 by any other City department 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.

3.6 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of **Section 5.3** (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the 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 as required hereunder.

3.7 Progress Reports and Survey Updates. The Developer shall provide DPD with written quarterly progress reports detailing the status of Unit sales and quarterly 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**). The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Property.

3.8 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DPD shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project. The inspecting agent or architect, at Developer's option, subject to approval by DPD may be the same inspecting architect engaged by a lender providing Lender Financing and 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 hereunder.

3.9 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the 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.** The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications.

3.11 **Utility Connections.** The 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 the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

3.12 **Permit Fees.** In connection with the Project, the 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 of Chicago and are of general applicability to other property within the City of Chicago.

SECTION 4

FINANCING

4.1 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$43,086,192 to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to Sections 4.3(b) and 4.6)	\$3,883,322
Unit Upgrades	486,600
Sales Proceeds	31,945,911
Estimated City Funds (subject to Section 4.03)	6,093,318
ESTIMATED TOTAL	\$42,409,151

4.2 **Developer Funds.** Equity and/or Lender Financing and/or Other Developer Funds may be used to pay any Project cost, including but not limited to Redevelopment Project Costs.

4.3 **City Funds.**

(a) **Uses of City Funds.** City Funds may only be used to pay directly or reimburse the Developer for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Sections 4.3(b) and 4.5(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. City Funds shall not be paid to the Developer hereunder prior to the issuance of the Initial Completion Certificate.

(b) **Sources of City Funds.** Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.3 and Section 5 hereof, the City hereby agrees to provide City funds from the sources and in the amounts described directly below (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements. The City's financial commitment shall be as follows:

(i) **City Note 1 :** The City will issue City Note 1 to the Developer on the Closing Date in an initial principal amount not to exceed \$6,093,318 or an amount equal to the costs of the TIF-eligible expenses which have been incurred by the Developer as of the Closing Date, as evidenced by a Certificate of Expenditure issued by the City. If the principal balance of City Note 1 is less than \$6,093,318, then the principal balance of City Note 1 will be increased up to a maximum of \$6,093,318. TIF eligible costs will be certified to City Note 1 only on the Closing Date and upon issuance of the Initial Completion Certificate. Interest on City Note 1 will accrue at the City Note 1 Interest Rate upon issuance of the Initial Completion Certificate as more fully described in Exhibit M-1 attached hereto, and will compound annually. Upon issuance of the Initial Completion Certificate, Developer shall be entitled to payment of Available Incremental Taxes. After issuance of the Final Completion Certificate, Developer shall be entitled to payments of Available Incremental Taxes and Inflationary Incremental Taxes; provided, however, that actual payments of Inflationary Incremental Taxes under City Note 1 are limited by the amount of Incremental Taxes deposited into the Greater Southwest Industrial Corridor (East) Redevelopment Project Area TIF Fund. City Note 1 payments will cease if the Final Completion Certificate is not issued within four (4) years of the date of the Initial Completion Certificate. Payments of principal and interest on City Note 1 shall not exceed the amount set forth on the Debt Service Schedule attached to City Note 1. The City may prepay City Note 1 at any time without Developer's consent. The Developer may pledge City Note 1 at any time pursuant to a Qualified Transfer. City Note 1 may not be sold without prior consent of the City.

(ii) **City Note 2:** The City shall refund City Note 1 upon request of Developer and issuance of the Final Completion Certificate and issue City Note 2 in an amount equal to the outstanding principal balance of City Note 1, plus any accrued and unpaid interest. Developer shall provide Certificates of Expenditure to evidence TIF eligible costs equal to the difference between the initial principal amount of City Note 1 and the value of City Note 2 at the time of issuance. City Note 2 shall be issued subject to receipt by the City of an opinion from bond counsel regarding the tax exempt status and enforceability of the City Note 2, and in form and substance acceptable to Corporation Counsel; provided, however, the principal amount of City Note 2 shall be reduced upon issuance in accordance with Section 4.3(e). Developer shall be entitled to payments of Available Incremental Taxes and Inflationary Incremental Taxes but not to exceed the amounts set forth on the Debt Service Schedule attached to City Note 2; provided, however, that actual payments of Inflationary Incremental Taxes under City Note 2 are limited by the amount of

Incremental Taxes deposited into the Greater Southwest Industrial Corridor East Redevelopment Project Area TIF Fund.

(c) **Inflationary Increment.** The City will begin reserving Inflationary Increment for Debt Service after the Closing Date, but no earlier than collection year 2007. Note payments utilizing Inflationary Increment will not be made prior to the issuance of the Final Completion Certificate.

(d) **Prepayment: Lock-Out Period.** The City may not pre-pay, without the Developer's consent, City Note 2 for a period of five (5) years (the "Lock-Out Period") from the date of issuance of the Certificate of Final Completion ("Lock-Out Period Commencement Date").

(e) **Profit Sharing.** At the time of issuance of the Final Completion Certificate and prior to issuance of City Note 2, the Developer shall submit to DPD an updated pro forma, including an updated Project Sources and Uses, using the Project data and estimates as of the date of issuance of the Final Completion Certificate. The City shall be entitled to a credit against City Note 1 or City Note 2 [(as the case may be)] in an amount equal to 50% of the Excess Profit, as defined below:

"Excess Profit" shall equal "Actual Profit" minus "Threshold Profit."

"Actual Profit" shall equal Net Sales Proceeds minus "Actual Project Costs".

"Threshold Profit" shall equal 15% of "Actual Project Costs."

"Actual Project Costs" shall include all hard and soft costs actually expended to implement the Project, exclusive of sales commissions, closing costs, Developer fee and other Project costs, all of which costs the Developer shall be required to prove up to the reasonable satisfaction of the City.

"Net Sales Proceeds" are Gross Sales Proceeds minus actual sales commissions, closing costs, and other Project costs that the City reasonably determines should be deducted from gross sales proceeds rather than included in Project costs.

"Gross Sales Proceeds" shall not include any fees or proceeds not actually received by Developer. If all the Market Price Units have not been sold at the time of computation of Excess Profit, estimates of the Gross Sales Proceeds and the Net Sales Proceeds for the unsold Market Price Units will be based on the average of the gross and net sales proceeds on a per square foot basis for the Market Price Units already sold.

(f) **Priority of Annual Payments: Available Incremental Taxes.** The priority of financial obligations for payment of City Funds with respect to Available Incremental Taxes shall be as follows:

- First: Payments on City administrative costs related to the Greater Southwest Industrial Corridor (East) Redevelopment Project Area, not to exceed 5.0% of the total annual collection
- Second: City Note 1 or City Note 2 (as applicable)

(g) **Priority of Annual Payments: Inflationary Increment.** The priority of financial obligations for payment of City Funds with respect to Inflationary Increment shall be as follows:

- First: Payments on City administrative costs related to the Greater Southwest Industrial Corridor (East) Redevelopment Project Area, not to exceed 5.0% of the total annual collection
- Second: Gateway Park PINs
- Third: City Note 1 or City Note 2 (as applicable)

4.4 **Treatment of Prior Expenditures and Subsequent Disbursements.**

(a) **Prior Expenditures.** Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "**Prior Expenditures**"). DPD shall have the right, in its reasonable discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to the Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.1 hereof.

(b) **Allocation Among Line Items.** Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line and transfers and re-allocations of costs and expenses from one line item to another shall be permitted without the prior written consent of DPD; provided, however, that such transfers and re-allocations among line items must qualify as Redevelopment Project Costs.

4.5 **Cost Overruns.** If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.3 hereof, or if the cost of completing the Project exceeds the

Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.6 Execution of Certificate of Expenditure. Prior to execution of a Certificate of Expenditure by the City, the Developer shall submit documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Developer to DPD of any request for execution by the City of a Certificate of Expenditure hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for execution of a Certificate of Expenditure, that:

(a) the total amount of the request for Certificate of Expenditure represents the actual cost of the Acquisition or the actual amount payable to (or paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees;

(b) all amounts shown as previous payments on the current request for Certificate of Expenditure have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current request for Certificate of Expenditure, and such work and materials conform to the Plans and Specifications;

(d) the representations and warranties contained in this Redevelopment Agreement are true and correct and the Developer is in compliance with all covenants contained herein;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens;

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred; and

(g) the Project is In Balance. The Project shall be deemed to be in balance ("**In Balance**") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "**Available Project Funds**" as used herein shall mean: (i) the undisbursed City Funds; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity; and (iv) any other amounts deposited by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the escrow agent or will make available (in a manner acceptable to the City), cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any execution of a Certificate of Expenditure by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of execution of a Certificate of Expenditure.

4.7 **Conditional Grant.** The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in Section 15.2 hereof.

4.8 **Cost of Issuance.** The Developer shall be responsible for paying all third-party costs relating to the issuance of City Note 2, including costs relating to the opinion described in Section 5.9(b) hereof and the cost of bond counsel.

SECTION 5

CONDITIONS PRECEDENT

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

5.1 **Project Budget.** The Developer has submitted to DPD, and DPD has approved, a Project Budget in accordance with the provisions of Section 3.3 hereof.

5.2 **Scope Drawings and Plans and Specifications.** The Developer has submitted to DPD, and DPD has approved, the Scope Drawings and Plans and Specifications in accordance with the provisions of Section 3.2 hereof.

5.3 **Other Governmental Approvals.** The Developer has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation to commence construction and has submitted evidence thereof to DPD.

5.4 **Financing.** The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.1 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with the Equity and other sources set forth in Section 4.1) to complete the Project. If applicable, the Developer has delivered to DPD a copy of the construction escrow agreement entered into by the Developer regarding the Lender Financing. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing

Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.5 **Acquisition and Title.** On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy dated as of the Closing Date contains only those title exceptions listed as Permitted Liens on Exhibit G hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning, contiguity, location, access and survey. The Developer has provided to DPD, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.6 **Evidence of Clean Title.** The Developer, at its own expense, has provided the City with searches under the Developer's name as follows:

Secretary of State	UCC search
Secretary of State	Federal tax search
Cook County Recorder	UCC search
Cook County Recorder	Fixtures search
Cook County Recorder	Federal tax search
Cook County Recorder	State tax search
Cook County Recorder	Memoranda of judgment search
U.S. District Court	Pending suits and judgments
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing no liens against the Developer, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

5.7 **Surveys.** The Developer has furnished the City with three (3) copies of the Survey.

5.8 **Insurance.** The Developer, at its own expense, has insured the Property in accordance with Section 12 hereof, and has delivered certificates required pursuant to Section 12 hereof evidencing the required coverage to DPD.

5.9 **Opinion of the Developer's Counsel.**

(a) On the Closing Date, the Developer has furnished the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J, with such changes as required by or acceptable to Corporation Counsel. If the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to

give some of the opinions set forth in Exhibit J hereto, such opinions were obtained by the Developer from its general corporate counsel.

(b) Upon the issuance of City Note 2, the City has received an opinion regarding the tax-exempt status and enforceability of City Note 2, in form and substance reasonably acceptable to Corporation Counsel.

5.10 **Evidence of Prior Expenditures.** The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.4(a) hereof.

5.11 **Financial Statements.** The Developer has provided Financial Statements to DPD for its most recent fiscal year, and audited or unaudited interim financial statements.

5.12 **Documentation.** The Developer has provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters.

5.13 **Environmental.** The Developer has provided DPD with copies of that certain Phase I Environmental Site Assessment prepared by ACT Associates, Inc. dated August 7, 2002 completed with respect to the Property ("Phase I ESA"). Prior to issuance of an Initial Certificate of Completion, Developer must obtain a Phase II Environmental Site Assessment ("Phase II ESA") for the Property for the purpose of determining whether the Property meets Tier I residential standards as set forth in 35 IAC Part 742. The Developer shall deliver the Phase II ESA to the City's Department of Environment ("DOE") for review and shall provide the City with a letter from the environmental engineer(s) who completed the Phase II ESA, authorizing the City to rely on such report. If the Phase II ESA discloses the presence of contaminants exceeding regulatory limits established by the Illinois Environmental Protection Agency ("IEPA") for residential use on or under the Property, the Developer shall enroll the Property in the IEPA's Site Remediation Program and shall complete all investigation, remediation, response, removal, monitoring, disposal and other activities necessary to obtain a final comprehensive No Further Remediation letter approving the use of the Property for the construction, development and operation of the Project ("Final NFR Letter"). The Developer acknowledges and agrees that the City will not issue the Initial Certificate of Completion until either (a) DOE has reviewed the Phase II ESA and determined that a Final NFR Letter is not required, or (b) the IEPA has issued, and DOE has approved, a Final NFR Letter for the Property.

5.14 **Corporate Documents; Economic Disclosure Statement.** The Developer has provided a copy of its Articles of Organization containing the original certification of the Secretary of State of its state of Organization; certificates of good standing from the Secretary of State of its state of Organization and all other states in which the Developer is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; operating agreement of the limited liability company; and such other documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

5.15 **Litigation.** The Developer has provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

SECTION 6

AGREEMENTS WITH CONTRACTORS

6.1 **Bid Requirement for General Contractor and Subcontractors.** Except as set forth in Section 6.1(b) below, prior to entering into an agreement with a General Contractor or any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. For the TIF-Funded Improvements, the Developer shall select the General Contractor (or shall cause the General Contractor to select the subcontractor) submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer selects a General Contractor (or the General Contractor selects any subcontractor) submitting other than the lowest responsible bid for the TIF-Funded Improvements (other than bids submitted by MBE/WBE certified contractors in compliance with Section 10.3 hereof), the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.2 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits required to begin construction have been obtained.

(b) If, prior to entering into an agreement with a Contractor for construction of the Project, the Developer does not solicit bids pursuant to **Section 6.01(a)** hereof, then the fee of the General Contractor proposed to be paid out of City Funds shall not exceed 9% of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of **Section 6.01(a)** shall apply, including but not limited to the requirement that the General Contractor shall solicit competitive bids from all subcontractors.

6.2 **Construction Contract.** Prior to the execution thereof, the Developer shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.1 above, for DPD's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof. Within ten (10) business days after execution of such contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.3 **Performance and Payment Bonds.** Prior to the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in the form attached as Exhibit P hereto. The City shall be named as obligee or co-obligee on any such bonds.

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

6.5 **Other Provisions.** In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.4 (Change Orders), Section 8.9 (Prevailing Wage), Section 10.1(e) (Employment Opportunity), Section 10.2 (City Resident Employment Requirement) Section 10.3 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.1 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

SECTION 7

COMPLETION OF CONSTRUCTION OR REHABILITATION

7.1 **Certificate of Completion of Construction or Rehabilitation.** Upon completion of the construction of the applicable component of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD shall issue to the Developer an Initial Completion Certificate and the Final Completion Certificate (each, a "Certificate"), all in recordable form certifying that the Developer has fulfilled its obligation to complete the applicable component of the Project in accordance with the terms of this Agreement.

(a) The Initial Completion Certificate will be issued upon occurrence of the following:

(i) The Chicago Department of Transportation ("CDOT") and other City departments, as applicable, have issued a letter confirming to DPD and Developer that the Road Work has been completed in accordance with applicable City standards; and

(ii) The City's Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements set forth in Section 10 and Section 8.9 (M/WBE, City Residency and Prevailing Wage) with respect to construction of the Road Work.

(b) The Final Completion Certificate will be issued when the following requirements have been met:

(i) The City has issued the Initial Completion Certificate.

(ii) The City has issued Certificates of Occupancy for, and sold/closed on, each of the Affordable Units and 89 of the Market Price Units.

(iii) The City's Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements set forth in Section 10 and Section 8.9 (M/WBE), City Residency and Prevailing Wage) with respect to the construction of the Facility, and 100% of the Developer's (M/WBE) Commitment in Section 10.3 has been fulfilled;

(iv) The Developer has submitted to the satisfaction of the City all data needed to make final adjustments to the initial principal amount of City Note 2.

(v) There exists neither an Event of Default (after any applicable cure period) which is continuing nor a condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default.

(c) DPD shall respond to the Developer's written request for the applicable Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures and the City thereafter shall issue the Certificate within forty-five (45) days or send the Developer a written statement which details the way in which the Project does not conform to the Agreement or has not been satisfactorily completed.

7.2 Effect of Issuance of Certificate; Continuing Obligations. Each of the Certificates relate only to the applicable construction of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.1(n), 8.2, 8.19 and 8.20 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate; provided, that upon the issuance of the Final Completion Certificate, the covenants set forth in Section 8.2 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.3 **Failure to Complete.** If the Developer fails to complete the Project in accordance with the terms of this Agreement, then the City has, but shall not be limited to, any of the following rights and remedies:

(a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto prior to the issuance of City Note 2; and

(b) the right (but not the obligation) to complete the Road Work and any other TIF-Funded Improvements that are public improvements and to pay for the costs of TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.1, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek any remedies set forth in Section 15.2; provided, however, in no event shall the City have the right to suspend or fail to make any required payments on City Note 2, once issued.

7.4 **Notice of Expiration of Term of Agreement.** Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

SECTION 8

COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

8.1 **General.** The Developer represents, warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

(a) the Developer is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

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

(c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary action of the company, and does not and will not violate its Articles of Organization, operating agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) unless otherwise permitted or not prohibited pursuant to or under the terms of this Agreement, the Developer shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon) free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

(e) the Developer is now and for the Term of the Agreement 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, threatened or affecting the Developer which would impair its ability to perform under this Agreement;

(g) the 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, complete and operate the Project;

(h) the 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 the Developer is a party or by which the 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 the Developer, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements;

(j) prior to the issuance of the Final Completion Certificate, the Developer shall not do any of the following without the prior written consent of DPD (with the exception of contemplated sales of portions of the Facility and the conveyance of common area parcels to an owner's association) (1) be a party to any merger, liquidation or consolidation; (2) subject to Section 18.15, 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 the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) the Developer has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the

existence of any liens against the Property (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget; provided however, nothing in this Agreement shall be construed to prohibit the granting of easement and other similar recordable interests in the Property necessary for redevelopment of the Property; and

(l) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City; and

(m) neither the Developer nor any affiliate of the Developer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (m) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

(n) neither the Developer nor any affiliate of the Developer, nor any Purchaser of the Units shall convert any portion of the Project to a condominium or cooperative form of ownership during the Term of the Agreement and consistent with the foregoing Developer shall execute and record appropriate documents and cooperate with the City to assure that at all times the Project shall remain residential property in accordance with the Affordability Covenants. The covenants set forth in this Section 8.1 (n) shall run with the land and be binding upon any transferee .

8.2 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.2 and 3.3 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, 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 the Developer. The covenants set forth in this

Section 8.2 shall run with the land and be binding upon any transferee, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

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

8.4 **Use of City Funds.** City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer for its payment of) the TIF-Funded Improvements as provided in this Agreement.

8.5 **Other Bonds.** The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any additional bonds in connection with the Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements (the "Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the 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 the City in preparing an offering statement with respect thereto.

8.6 **Intentionally Omitted.**

8.7 **Employment Opportunity; Progress Reports.** The 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. Developer shall also deliver to the City written monthly reports detailing compliance with the requirements of Sections 8.8, 10.2 and 10.3 of this Agreement. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

8.8 **Employment Profile.** The 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.

8.9 **Prevailing Wage.** The 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 the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.9.

8.10 **Arms-Length Transactions.** Unless DPD has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

8.11 **Conflict of Interest.** Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer with respect thereto, owns or controls, has owned or controlled or will own or control any interest, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

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

8.13 **Financial Statements.** The Developer shall obtain and provide to DPD Financial Statements for the most recent fiscal year and, until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which the Developer has no further interest in the Property, the Developer shall obtain and provide to DPD Financial Statement for each fiscal year thereafter. In addition, until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which the Developer has no further interest in the Property, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

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

8.15 **Non-Governmental Charges.**

(a) **Payment of Non-Governmental Charges.** Except for the Permitted Liens, the 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, the 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. The Developer shall furnish to DPD, within thirty (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.

(b) **Right to Contest.** The Developer has the right, before any delinquency occurs:

(i) 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, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or

(ii) at DPD's sole option, to 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. The 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 the Developer to any other person or entity. The Developer shall immediately notify DPD of any and all events or actions which may materially affect the 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 the 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 the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.18 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property on the date hereof 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. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.19 **Real Estate Provisions.**

(a) **Governmental Charges.**

(i) **Payment of Governmental Charges.** The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project (except those Governmental Charges which generally are payable at law and that pass on and are payable by the owners of the Affordable Units or the Market Price Units), or become due and payable, and which create, may create, or appear to create, a lien upon the Developer or all or any portion of the Property or the Project. "**Governmental Charge**" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) **Right to Contest.** The Developer has 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 or the sale or forfeiture of the Property. Until City Note 2 is issued, Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.19(c) 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 the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(iii) the Developer shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or remove a lien against, 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

(iv) the Developer 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 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.

(b) **Developer's Failure To Pay Or Discharge Lien.** If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the 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 the 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 the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(c) **Real Estate Taxes.** The provisions set forth in this Subsection (c) below shall not apply after the issuance of City Note 2.

(i) **Acknowledgment of Real Estate Taxes.** The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum assessed value of the Property that is necessary to support the debt service indicated ("**Minimum Assessed Value**") is shown on Exhibit K attached hereto and incorporated herein by reference for the years noted on Exhibit K; (B) Exhibit K sets forth the Property 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 K.

(ii) **Real Estate Tax Exemption.** With respect to the Property or the Project, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the 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 the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the 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 K for the applicable year.

(iv) **No Objections.** Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the 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 the City or any taxpayer. The term "**Underassessment Complaint**" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Property up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

(v) **Covenants Running with the Land.** The parties agree that the restrictions contained in this Section 8.19(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.19(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this Section 8.19(c).

8.20 Affordable Housing Covenant.

(a) The Developer agrees and covenants to the City that it shall meet the intent and purpose of the City's Affordable Housing Ordinance, Sec. 2-44-090 of the Municipal Code of Chicago, by undertaking the following:

(i) a total of 28 of the Facility's dwelling units (which is at least 20% of the dwelling units which shall comprise the Project) will be or have been sold by Developer to Eligible Families and priced at initial base purchase prices not greater than those approved by the City's Department of Housing from time to time such that they are affordable to Eligible Families in accordance with Section 2-44-90 of the Municipal Code of Chicago currently as shown below ("Affordable Units"):

Number of Units	Unit	Configuration	Affordable Initial Sale Price
28		3 BR 1,624sq. ft. (approx.)	\$ 237,848

(ii) it will ensure that a recapture mortgage ("**Recapture Mortgage**") running in favor of the City, which instrument includes verbatim the text set forth in the model recapture mortgage form set forth in Exhibit R hereto, is recorded in the Office of the Cook County Recorder of Deeds against each Affordable Unit at the time of the Developer's initial sale of each such Unit; and

(iii) it will ensure that a photocopy of each of the recorded Recapture Mortgages is provided to DPD promptly upon the closing of each initial sale of each Affordable Unit.

(b) The proposed Unit Sale Agreement shall include an executed certification from the purchaser or proposed purchasers that it intends to reside in the Unit as its primary residence and is purchasing the unit without an intent to resell, which certification Developer, by its delivery to the City, represents and warrants to its knowledge, and to the knowledge of the Project broker or agent, and their respective representatives, in their good faith to be a true and accurate certification.

(c) The Developer acknowledges and agrees that any default by the Developer under this Section 8.20, in addition to triggering an Event of Default under this Agreement, will also be an event of default under the City's Affordable Housing Ordinance, Sec. 2-44-090 of the Municipal Code of Chicago, and may result in the City's assessment of Affordable Housing Opportunity Fund fees (as defined in that ordinance) of \$100,000 per Affordable Unit as set forth herein and recapture of other amounts against Developer as set forth in such ordinance, and termination or suspension of payments under this Agreement, including but not limited to payments under the City Note 1 and, to the extent not otherwise prohibited, City Note 2.

(d) The Units shall continue to be Affordable Units for thirty (30) years, except as provided in the Recapture Mortgage.

(e) As used in this Section 8.20, the following terms have the following meanings:

(i) "**Family**" shall mean one or more individuals, whether or not related by blood or marriage; and

(ii) "**Eligible Families**" shall mean Families whose annual income does not exceed one hundred percent (100%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(f) The covenants set forth in this Section 8.20 shall run with the land and be binding upon any transferee.

(g) The City and the Developer may enter into a separate agreement to implement the provisions of this Section 8.20.

8.21 **Intentionally Omitted.**

8.22 **Public Benefits Program.** The Developer shall undertake a public benefits program as described on Exhibit N. On a semi-annual basis, the Developer shall provide the City with a

status report describing in sufficient detail the Developer's compliance with the public benefits program.

8.23 **Intentionally Omitted.**

8.24 **Survival of Covenants.** All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

SECTION 9

COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.1 **General Covenants.** The 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.

9.2 **Survival of Covenants.** All warranties, representations, and covenants of the City contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the 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

DEVELOPER'S EMPLOYMENT OBLIGATIONS

10.1 **Employment Opportunity.** The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 *et seq.*, Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: 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 the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

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

(f) Failure to comply with the employment obligations described in this Section 10.1 shall be a basis for the City to pursue remedies under the provisions of Section 15.2 hereof.

10.2 City Resident Construction Worker Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the

site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Developer may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City.

"Actual residents of the City" shall mean persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

The Developer, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DPD in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

At the direction of DPD, affidavits and other supporting documentation will be required of the Developer, the General Contractor and each subcontractor to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

Good faith efforts on the part of the Developer, the General Contractor and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of

non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project Budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. **Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.**

Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents.

The Developer shall cause or require the provisions of this Section 10.2 to be included in all construction contracts and subcontracts related to the Project.

10.3 MBE/WBE Commitment. The Developer agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that during the Project:

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "**Procurement Program**"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "**Construction Program**," and collectively with the Procurement Program, the "**MBE/WBE Program**"), and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the MBE/WBE Budget (as set forth in Exhibit H-2 hereto) shall be expended for contract participation by MBEs and by WBEs:

- (1) At least 24 percent by MBEs.
- (2) At least four percent by WBEs.

(b) For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "**contractor**" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "**contract**" or a "**construction contract**" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.3. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DPD.

(d) The Developer shall deliver monthly reports to the City's monitoring staff during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, *inter alia*, the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist the City's monitoring staff in determining the Developer's compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and the City's monitoring staff shall have access to all such records maintained by the Developer, on five Business Days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

(e) Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, the Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this Section 10.3. The General Contractor shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.3, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.3 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; and (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 10.3, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor (but in no event shall the City at any time withhold any payments due under City Note 2, once issued), or (3) seek any other remedies against the Developer available at law or in equity.

SECTION 11

ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may 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 and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever 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 the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the 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 the Developer, or any person directly or indirectly controlling, controlled by or under common control with the 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 the Developer), or (ii) any liens against the Property permitted or imposed by any

Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12

INSURANCE

The Developer shall provide and maintain, or cause to be provided, at the Developer's own expense, during the Term of the Agreement (or as otherwise specified below), the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement and Throughout the Term of the Agreement.

(i) Workers Compensation and Employers Liability Insurance.

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella).

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverage shall include the following: All premises and operations, products/completed operations, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(b) Construction.

(i) Workers Compensation and Employers Liability Insurance.

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$500,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella).

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverage shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The

City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) **Automobile Liability Insurance (Primary and Umbrella)**. When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Contractor shall provide Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory bases.

(iv) **Railroad Protective Liability Insurance**. When any work is to be done adjacent to or on railroad or transit property, Contractor shall provide, or cause to be provided with respect to the operations that the Contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy has limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) **Builders Risk Insurance**. When the Contractor undertakes any construction, including improvements, betterments, and/or repairs, the Contractor shall provide, or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility. Coverage shall include but are not limited to the following: collapse, boiler and machinery if applicable. The City of Chicago shall be named as an additional insured and loss payee.

(vi) **Professional Liability**. When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions shall be maintained with limits of not less than \$1,000,000. Coverage shall include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) **Valuable Papers Insurance**. When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance shall be maintained in an amount to insure against any loss whatsoever, and has limits sufficient to pay for the re-creations and reconstruction of such records.

(viii) **Contractor's Pollution Liability**. When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When

policies are renewed, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(c) **Term of the Agreement.**

(i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(d) **Other Requirements.** The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverage have an expiration or renewal date occurring during the term of this Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Developer shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.

The insurance shall provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any and all deductibles or self insured retentions on referenced insurance coverage shall be borne by the Developer.

The Developer agrees that insurers shall waive rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The Developer expressly understands and agrees that any coverage and limits furnished by the Developer shall in no way limit the Developer's liabilities and responsibilities specified within

the Agreement documents or by law.

The Developer expressly understands and agrees that the Developer's insurance is primary and any insurance or self insurance programs maintained by the City of Chicago shall not contribute with insurance provided by the Developer under the Agreement.

The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

The Developer shall require the General Contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverage for the General Contractor, or subcontractors. All General Contractors and subcontractors shall be subject to the same requirements (Section (d)) of Developer unless otherwise specified herein.

If the Developer, General Contractor or any subcontractor desires additional coverage, the Developer, General Contractor and any subcontractor shall be responsible for the acquisition and cost of such additional protection.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements, so long as any such change does not increase these requirements.

SECTION 13

INDEMNIFICATION

13.1 **General Indemnity.** Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "**Indemnitee**," and collectively the "**Indemnitees**") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

(i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

(ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the

result of information supplied or omitted by the Developer or any Affiliate Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

(iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Developer shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.1 shall survive the termination of this Agreement.

SECTION 14

MAINTAINING RECORDS/RIGHT TO INSPECT

14.1 **Books and Records.** The 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 the Developer's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

14.2 **Inspection Rights.** Upon three (3) business days' notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 15

DEFAULT AND REMEDIES

15.1 **Events of Default.** The occurrence of any one or more of the following events, subject to the provisions of Section 15.3, shall constitute an "Event of Default" by the Developer hereunder:

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this

Agreement or any related agreement (including the failure to comply with the Affordability Covenants set forth in Section 8.20) ;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the 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 the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the 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 the 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 sixty (60) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the 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 sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer [or the death of any natural person who owns a material interest in the Developer]; or

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Developer, for any crime (other than a misdemeanor); or

(k) prior to the issuance of the Final Completion Certificate, without the prior written consent of the City, the sale or transfer of (i) any portion of the Facility (with the exception of contemplated sales of portions of the Facility and the conveyance of common area parcels, if any, to an owner's association); (ii) the merger, liquidation or consolidation of Developer or a sale or transfer of all or a controlling or material interest in Developer; (iii) the assumption, guarantee, endorsement, or otherwise becoming liable in connection with the obligations of any other person or entity; or (iv) a transaction outside of the ordinary course of business of Developer.

For purposes of Sections 15.1(i) and 15.1(j) hereof, a person with a controlling or material interest in the Developer shall be one owning in excess of 7.5% of the Developer's membership interests.

15.2 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend payments due on City Note 1 or terminate City Note 1 and receive reimbursement of the City Funds from the Developer; provided, however, the City shall not have the right to suspend or withhold any payments required to be made under City Note 2, once issued. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein. Further, if Developer does not complete the Facility within four (4) years of the date of issuance of the Initial Completion Certificate, or a revised date approved in writing by the Commissioner, the City Note 1 will be terminated by DPD and the City will retain any withheld payments.

15.3 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the 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 the Developer has failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the 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 the Developer has failed to cure such default within thirty (30) days of its receipt of a written notice from the 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 thirty (30) day period, the 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 thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

SECTION 16

MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "**Existing Mortgages.**" Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "**New Mortgage.**" Any New Mortgage that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "**Permitted Mortgage.**" It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Developer of a Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD.

SECTION 17

NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified mail, return receipt requested.

If to the City:	City of Chicago Department of Planning and Development 121 North LaSalle Street, Room 1000 Chicago, IL 60602 Attention: Commissioner Fax: 312 741-2271
With Copies To:	City of Chicago Department of Law Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602 Fax: 312 744-8538
It to the Developer:	SLRDM 7400 South Rockwell South Development 111 East Wacker Drive, Suite 2200 Chicago, Illinois 60601 Attention: Jeff Brand Fax:
With Copies To:	N.A

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 (2) business days following deposit in the mail.

SECTION 18

MISCELLANEOUS

18.1 **Amendment.** This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 18.1 shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in Sections 10.2 and 10.3 hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than one hundred eighty (180) days.

18.2 **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.

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

18.4 **Further Assurances.** The Developer agrees 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.

18.5 **Waiver.** Waiver by the City or the 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 the City or the Developer in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

18.6 **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.

18.7 **Disclaimer.** Nothing contained in this Agreement nor any act of the 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 the City.

18.8 **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.

18.9 **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 TIF Ordinances, such ordinance(s) 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 the City shall be in form and content satisfactory to the City.

18.14 **Approval.** Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 **Assignment.** The Developer, subject to the provision set forth in Section 8.1 (j), of this Agreement, may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, provided the Developer may pledge on a collateral basis City Note 1 or City Note 2, as applicable, to a lender providing Lender Financing, or, upon the issuance of the Final Completion Certificate, sell City Note 2 pursuant to a Qualified Transfer. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement including but not limited to

Sections 8.2, 8.20 and 8.24 for the Term of the Agreement. The Developer consents to the 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 the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them 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 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 obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.18 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

18.19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 *et seq.*), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.20 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party may hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

18.21 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment

collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

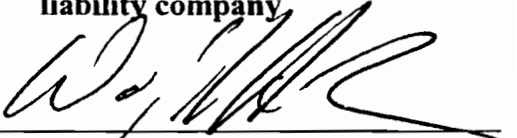
18.22 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "**Business Relationship**" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a "**Business Relationship**" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030 (b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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.

DEVELOPER

By: **SLRDM 7400 South Rockwell
Development, an Illinois limited
liability company**

Its: 

Manager

CITY OF CHICAGO

By: _____
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.

DEVELOPER

By: **SLRDM 7400 South Rockwell Development, an Illinois limited liability company**

Its: _____
Manager

CITY OF CHICAGO

By: *Arnold Landall*
Commissioner, Department of Planning and Development

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Margaret Kelly, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Wojciech A. Kocumb, personally known to me to be the MANAGER of SLEDU 7400 Saint, an Illinois limited liability company (the "Developer"), 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 he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the [Board of Directors] of the Developer, as his/her free and voluntary act and as the free and voluntary act of the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 21 day of Dec, 2007.

Margaret Kelly
Notary Public

My Commission Expires: 2/10/10

(SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Ricky Knight, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Arnold Randall, 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 he/she signed, sealed, and delivered said instrument pursuant to the authority given to him/her by the City, as his/her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 21 th day of Dec, 2007


Notary Public

My Commission Expires: _____

(SEAL)



EXHIBIT A
REDEVELOPMENT AREA

[See Attached]

Exhibit A

Legal Description

part of Sections 25 and 36, Township 38 North, Range 13, and part of Sections 30 and 31, Township 38 North, Range 14, East of the Third Principal Meridian, bounded and described as follows:

beginning at the point of intersection of the north line of West 74th Street with the east line of South Hoyne Avenue in the east half of the northwest quarter of said Section 30; thence north along said east line of South Hoyne Avenue to the north line of West 73rd Street; thence west along said north line of West 73rd Street to the east line of the land having a Permanent Index Number 20-30-112-056; thence north along east line of said land to the centerline of West 71st Street; thence west along said centerline of West 71st Street to the east line of Lot 23 in Block 1 (extended north) in subdivision of Blocks 1, 2, 6, 7, 8, 10, 11 and 14 of Dewey and Hogg's Subdivision, according to the plat recorded June 23, 1891 as Document Number 1492344; thence south along said east line of Lot 23 to the north line of West 72nd Street; thence west along said north line of West 72nd Street to the west line of South Bell Avenue; thence south along the west line of said South Bell Avenue to the north line of West 74th Street; thence west along said north line of West 74th Street to the west line of South Oakley Avenue; thence south along the said west line of South Oakley Avenue to the north line of West 75th Street; thence west along said north line of West 75th Street to the west line of South Claremont Avenue (extended south); thence north along said west line of South Claremont Avenue to the north line of West 75th Street (according to the plat of dedication recorded as Document Number 91-591284); thence west along the said north line of West 75th Street to the west line of a 16 foot wide public alley (east of South Western Avenue); thence north along the said west line of a public alley to the south line of Lot 37 of Block 13 in subdivision of Blocks 5, 12 and 13 of Dewey and Hogg's Subdivision recorded on July 1, 1891 as Document Number 1497127; thence west along the said south line of Lot 37 to the east line of South Western Avenue; thence north along the said east line of South Western Avenue to the north line of West 74th Street; thence west along said north line of West 74th Street to the west line of South Artesian Avenue in said Section 25; thence south along said west line of South Artesian Avenue to the north line of a 16 foot wide public alley (south of West 74th Street); thence west along the north line of said alley to a point of an intersection with the northwesterly line (extended northeasterly) of another 16 foot wide public alley; thence southwesterly along said northwesterly line of a public alley (extended southwesterly) to the west line of South Campbell Avenue; thence south along said west line of South Campbell Avenue to the north line of a 16 foot public alley (south of West 74th Street); thence west along said north line of alley to a point of intersection with northwesterly line of another 16 foot public alley (extended northeasterly); thence southwesterly along said northwesterly line of an alley (extended southwesterly) to the west line of South Maplewood Avenue; thence south along said west line of South Maplewood Avenue (extended south) to

the north line of the land having a Permanent Index Number 19-25-500-003; thence west along said north line of land to the east line of South Rockwell Street (extended south); thence north along said east line of South Rockwell Street to the north line of West 74th Street; thence west along said north line of West 74th Street to a point on the east line of South Kedzie Avenue (as widened by Document Number 12365546), said point is 80 feet east (measured at right angle) of west line of the northwest quarter of aforementioned Section 25; thence south along said east line of South Kedzie Avenue as widened (extended south), a distance of 33.00 feet to the centerline of said West 74th Street; thence west along said centerline of West 74th Street (extended west) a distance of 47.00 feet to an intersection with a line drawn parallel with and 33.00 feet east from (measured at right angle) the west line of the northwest quarter of said Section 25; thence south along said parallel line, a distance of 696.84 feet to an intersection with the north line of the southwest quarter of said Section 25; thence east along the north line of said southwest quarter, a distance of 47.00 feet to an intersection with the east line of South Kedzie Avenue, as widened by aforementioned Document Number 12365546; thence south along said east line (as widened) a distance of 860.99 feet to an intersection with a line drawn parallel with and 7.00 feet south from the north line of Lot 41 in Block 15 of Wabash Addition to Chicago recorded May 14, 1890 as Document Number 1269284; thence west along said parallel line, a distance of 47.00 feet to the east line of South Kedzie Avenue in said subdivision; thence south along said east line of South Kedzie Avenue to the centerline of a 16.00 foot wide vacated alley (south of West 77th Street); thence east along said centerline of alley to the west line of South Troy Street; thence north along said west line of South Troy Street to the south line of West 77th Street; thence east along said south line of West 77th Street to the east line of Lot 36 in Block 6 of resubdivision of Blocks 3, 4, 5 and 6 of Wabash Addition to Chicago, recorded as Document Number 9386128, said east line of Lot 36 also being the west line of South Richmond Street; thence south along said east line of Lot 36 a distance of 78.43 feet to the southeast corner of said Lot 36, said corner also being on the northwesterly line of West Columbus Avenue; thence southwesterly along the northwesterly line of said West Columbus Avenue to the southwesterly corner of Lot 32 of Block 3 in said resubdivision of Blocks 3, 4, 5 and 6 of Wabash Addition to Chicago, recorded August 28, 1926 as Document Number 9386128; thence southeasterly to the northwesterly corner of Lot 36 of Block 2 in Wabash Addition to Chicago, recorded May 14, 1890 as Document Number 1269284; thence southeasterly along the southwesterly line of said Lot 36 (extended southeasterly) to the northwesterly line of a land having a Permanent Index Number 19-25-501-002; thence southwesterly along said northwesterly line of land to the north line of West 79th Street (east of South Kedzie Avenue); thence east along said north line of West 79th Street to a point of intersection with the southerly line of Wabash Railroad, having a

Permanent Index Number 19-25-501-002 aforesaid; thence northeasterly along said southerly line of Wabash Railroad to the west line of South Western Avenue; thence south along said west line of South Western Avenue, 328.00 feet more or less to the northeast corner of land having a Permanent Index Number 19-25-406-003 (north of West 76th Street); thence southwesterly along the northerly curved line concaved to the southeast of said land to the north line of West 76th Street (33 feet in width); thence east along said north line of West 76th Street to the west line of South Western Avenue (110 feet in width); thence south along said west line of South Western Avenue to the south line of West 79th Street in said Section 36; thence east along said south line of West 79th Street (as widened) to the east line of South Oakley Avenue (33 feet in width) extended south in said Section 31; thence north along said east line of South Oakley Avenue (said line being also the west line of land having a Permanent Index Number 20-30-501-002) to the north line of land having a Permanent Index Number 20-30-308-007; thence west along said north line of land extended west to the southeast corner of Lot 24 of Block 17 in First Addition to Beverly Gateway Subdivision recorded on December 12, 1925 as Document Number 9123458 in aforesaid said Section 30; thence west along the south line of said Lot 24 which is also being the north line of West 77th Street, to the southwest corner of said Lot 24 which is also being the east line of a 16 foot wide public alley; thence north along said east line of the 16 foot public alley to the south line of West 76th Street; thence east along said south line of West 76th Street to the northwest corner of land having a Permanent Index Number 20-30-303-006; thence east along the north line of said land to the northeast corner of said land which is also being the northwest corner of a land having a Permanent Index Number 20-30-303-007; thence east along north line of said land having a Permanent Index Number 20-30-303-007 to the west line of aforesaid land having a Permanent Index Number 20-30-501-002; thence north along said west line to the northwesterly curved line of said land having a Permanent Index Number 20-30-501-002; thence northeasterly along said northwesterly curved line concaved to the northwest, to the south line of land having a Permanent Index Number 20-30-500-001; thence east along said south line (now being straight) to the west line of land having a Permanent Index Number 20-30-502-002 (said land being 150 feet in width); thence south along said west line to the north line of West 79th Street; thence east along said north line of West 79th Street to the east line of said land having a Permanent Index Number 20-30-502-002; thence north along said east line to the south line of land having a Permanent Index Number 20-30-500-001; thence east along said south line to the centerline of South Damen Avenue; thence north along said centerline of South Damen Avenue to the southwest corner of land having a Permanent Index Number 20-30-224-018; thence northeasterly along the southerly line of said land having deed bearing of north 80 degrees, 36 minutes, 20 seconds east, a distance of

194.44 feet; thence continuing east along said southerly line, 25 feet; thence south 18.50 feet; thence north 88 degrees, 9 minutes, 40 seconds east, 142.03 feet; thence continuing northeasterly along said southerly line being a curve concaved to the northwest having a radius of 469.84 feet, and an arc distance of 182.68 feet to the southeast corner of land having a Permanent Index Number 20-30-224-017; thence north along the east line of said land (extended north) to the north line of West 74th Street; thence west along said north line of West 74th Street to the point of beginning, in the City of Chicago, Cook County, Illinois.

EXHIBIT "B"
PROPERTY

LEGAL DESCRIPTION:

LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139 AND 141 IN THE FINAL PLAT OF SUBDIVISION MARQUETTE VILLAGE, BEING A SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 25, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT RECORDED APRIL 23, 2007 AS DOCUMENT NUMBER 0711322000 IN COOK COUNTY, ILLINOIS.

STREET ADDRESS: 2601-2845 WEST 74TH STREET, CHICAGO, IL

7400-7450 SOUTH ROCKWELL AVENUE, CHICAGO, IL

PIN #: 19-25-124-003-0000
19-25-125-001-0000
19-25-125-003-0000

EXHIBIT B-1

GATEWAY PARK

19-25-304-002-0000
19-25-305-002-0000
19-25-306-002-0000
19-25-307-002-0000
19-25-307-003-0000
19-25-310-002-0000
19-25-310-003-0000
19-25-310-004-0000
19-25-310-008-0000

19-25-310-009-0000
19-25-310-010-0000
19-25-310-014-0000
19-25-310-015-0000
19-25-312-002-0000
19-25-313-001-0000
19-25-314-001-0000
19-25-315-001-0000

EXHIBIT C

TIF-FUNDED IMPROVEMENTS

<u>Line Item</u>	<u>Cost*</u>
Land Acquisition	\$1,271,409
Site Preparation/Demolition	893,959
Public Infrastructure	5,420,282

[ESTIMATES: COSTS AND ALLOCATION SUBJECT TO DPD DETERMINATION AND DISCRETION WITHIN THE BELOW STATED TOTAL AMOUNT OF TIF-FUNDING]

TOTAL: **\$7,585,650**

[Notwithstanding the total amount of TIF-Funded Improvements, the assistance to be provided by the City is limited to maximum assistance amount set forth in Section 4.01 Financing.]

EXHIBIT D
REDEVELOPMENT PLAN

See Attached

[(Sub)Exhibit "A" referred to in this Form of Subordination Agreement unavailable at time of printing.]

APPROVAL OF AMENDMENT NUMBER 1 TO GREATER SOUTHWEST
INDUSTRIAL CORRIDOR (EAST) REDEVELOPMENT
AREA PROJECT AND PLAN.

The Committee on Finance submitted the following report:

CHICAGO, March 29, 2006.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing Amendment Number 1 to the Greater Southwest Industrial Corridor Tax Increment Financing Redevelopment Plan and Project, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Flores, Preckwinkle, Hairston, Lyle, Beavers, Stroger, Beale, Pope, Balcer, Cárdenas, Olivo, Burke, T. Thomas, Coleman, L. Thomas, Murphy, Rugai, Troutman, Brookins, Muñoz, Zalewski, Chandler, Solis, Ocasio, E. Smith, Carothers, Reboyras, Suarez, Matlak, Austin, Colón, Mitts, Allen, Laurino, Doherty, Natarus, Daley, Tunney, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 44.

Nays -- None.

Alderman Beavers moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, Under ordinances adopted on March 10, 1999, and published in the *Journal of the Proceedings of the City Council of the City of Chicago*, for such date (the "*Journal of Proceedings*") at pages 90297 to 90381, and under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4.1, et seq., as amended, (the "Act"), the City Council (the "City Council") of the City of Chicago (the "City"): (i) approved a redevelopment plan and project (the "Original Plan") for a portion of the City known as the "Greater Southwest Industrial Corridor (East) Redevelopment Project Area" (the "Redevelopment Project Area") (such ordinance being defined herein as the "Plan Ordinance"); (ii) designated the Redevelopment Project Area as a "redevelopment project area" within the requirements of the Act (the "Designation Ordinance"); and (iii) adopted tax increment financing for the Redevelopment Project Area (the "T.I.F. Adoption Ordinance") (the Plan Ordinance, the Designation Ordinance and the T.I.F. Adoption Ordinance collectively referred to in this ordinance as the "T.I.F. Ordinances"); and

WHEREAS, Public Act 91-478 (the "Amendatory Act"), which became effective November 1, 1999, amended the Act, among other things, to (i) change the dates set forth in Section 11-74.4-3(n)(3) of the Act by which redevelopment projects must be completed and obligations issued to finance redevelopment project costs must be retired to be no later than December 31 of the year in which the payment to a municipal treasurer as provided in Section 11-74.4-8(b) of the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving a redevelopment project area is adopted; and (ii) add redevelopment project costs to the list of eligible costs pursuant to Section 11-74.4-3(q) of the Act; and

WHEREAS, The Community Development Commission (the "Commission") of the City has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council, referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Act; and

WHEREAS, The Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Act, including the holding of certain public hearings required by the Act; and

WHEREAS, By authority of the Corporate Authorities in accordance with Section 5/11-74.4-4.2 of the Act and pursuant to Section 5/11-74.4-5(a) of the Act, the City's Department of Planning and Development established an interested parties registry and, on January 10, 2000, published in the *Chicago Sun-Times* or

Chicago Tribune a notice that interested persons may register in order to receive information on the Redevelopment Project Area; and

WHEREAS, Pursuant to Sections 5/11-74.4-4 and 5/11-74.4-5 of the Act, the Commission, by authority of the Corporate Authorities, called a public hearing (the "Hearing") on January 10, 2006, concerning approval of the proposed Amendment Number 1 to the Original Plan, attached hereto as Exhibit A ("Amendment Number 1"); and

WHEREAS, Amendment Number 1 was made available for public inspection and review pursuant to Section 5/11-74.4-5(a) of the Act beginning October 28, 2005, being a date not less than ten (10) days prior to the adoption by the Commission of Resolution 05-CDC-101 on November 8, 2005, fixing the time and place for the Hearing, at the offices of the City Clerk and the City's Department of Planning and Development; and

WHEREAS, Pursuant to Section 5/11-74.4-5(a) of the Act, notice of the availability of Amendment Number 1 and of how to obtain the same was sent by mail on November 10, 2005, which is within a reasonable time after the adoption by the Commission of Resolution 05-CDC-101 to (a) all residential addresses that, after a good faith effort, were determined to be (i) located within the Redevelopment Project Area, and (ii) located within seven hundred fifty (750) feet of the boundaries of the Redevelopment Project Area (or, if applicable, were determined to be the seven hundred fifty (750) residential addresses that were closest to the boundaries of the Redevelopment Project Area); and (b) organizations and residents that were registered interested parties for such Redevelopment Project Area; and

WHEREAS, Due notice of the Hearing was given pursuant to Section 5/11-74.4-6 of the Act, said notice being given to all taxing districts having taxable property within the Redevelopment Project Area and to the Department of Commerce and Economic Opportunity of the State of Illinois by certified mail on November 10, 2005, by publication in the *Chicago Sun-Times* or *Chicago Tribune* on December 13, 2005 and December 20, 2005 and by certified mail to taxpayers within the Redevelopment Project Area on December 13, 2005; and

WHEREAS, A meeting of the joint review board established pursuant to Section 5/11-74.4-5(b) of the Act (the "Board") was convened upon the provision of due notice on December 2, 2005, at 10:00 A.M., to review the matters properly coming before the Board and to allow it to provide its advisory recommendation regarding the approval of Amendment Number 1, and other matters, if any, properly before it; and

WHEREAS, The Commission has forwarded to the City Council a copy of its Resolution 06-CDC-01, attached hereto as Exhibit B, adopted on January 10, 2006

recommending to the City Council approval of Amendment Number 1, among other related matters; and

WHEREAS, The Corporate Authorities have reviewed Amendment Number 1, testimony from the Hearing, if any, the recommendation of the Board, if any, the recommendation of the Commission and such other matters or studies as the Corporate Authorities have deemed necessary or appropriate to make the findings set forth herein, and are generally informed of the conditions existing in the Redevelopment Project Area; and

WHEREAS, The City desires to amend and supplement the Original Plan pursuant to Amendment Number 1 to (i) conform the Original Plan to Sections 11-74.4-3(n)(3) and (q) of the Act, as amended by the Amendatory Act, in accordance with the procedures set forth herein; (ii) add redevelopment project costs to the list thereof set forth in the Original Plan; (iii) include residential development as one of the goals of the redevelopment project; and (iv) change the proposed land-use of three (3) parcels in the Redevelopment Project Area from industrial to residential; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. Recitals. The above recitals are incorporated herein and made a part hereof.

SECTION 2. Approval Of Amendment To Redevelopment Plan. The "Greater Southwest Industrial Corridor (East) Redevelopment Area Project and Plan Amendment Number 1", a copy of which is attached hereto as Exhibit A (together with the Original Plan and Amendment Number 1, the "Amended Plan"), is hereby approved. Except as amended hereby, the Original Plan shall remain in full force and effect.

SECTION 3. Finding. The Corporate Authorities hereby find that the estimated dates of completion of the redevelopment project described in the Amended Plan and of the retirement of obligations issued to finance redevelopment project costs set forth in the Amended Plan, conform to the provisions of Section 11-74.4-3(n)(3) of the Act, as amended by the Amendatory Act.

SECTION 4. Invalidity Of Any Section. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

SECTION 5. Superseder. All ordinances (including, without limitation, the T.I.F. Ordinances), resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflicts.

SECTION 6. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

Exhibits "A" and "B" referred to in this ordinance read as follows:

*Exhibit "A".
(To Ordinance)*

*Greater Southwest Industrial Corridor (East)
Redevelopment Area Project And Plan.*

Amendment Number 1

October 25, 2005.

Introduction.

To induce redevelopment pursuant to the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended from time to time (the "Act"), the City Council of the City of Chicago (the "City") adopted three (3) ordinances on March 10, 1999, approving the Greater Southwest Industrial Corridor (East) Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project, designating the Greater Southwest Industrial Corridor (East) Redevelopment Project Area (the "Project Area") as a redevelopment project area under the Act, and adopting tax increment allocation financing for the Project Area.

The Original Plan is being amended to: 1) update plan language and budget line items to incorporate recent amendments to the Act; 2) to include residential development as one of the goals of the redevelopment plan; and 3) to change the future land-use of three (3) parcels from industrial to residential.

The Greater Southwest Industrial Corridor (East) Tax Increment Finance Redevelopment Area Project and Plan, dated November 6, 1998, adopted by the City of Chicago on March 10, 1999, will herein be referred to as the "Original Plan". The Original Plan, as amended, shall be referred to herein as the "Redevelopment Plan".

Modifications To Original Plan.

Each change to the Original Plan is detailed below following the format of the Original Plan.

I.

Introduction.

The last sentence of the first (1st) paragraph is replaced with the following:

The goal of the Redevelopment Plan is to stabilize and enhance the existing character of the Project Area as a strong industrial area, mixed with appropriate industrial, residential, commercial, open space and institutional uses.

Project Area Description.

There are no changes to this section.

Tax Increment Financing.

There are no changes to this section.

The Redevelopment Plan.

The first (1st) double dash regarding anticipated public benefits is replaced with the following sentence:

- An increase in property tax base arising from new residential and non-residential development and the rehabilitation of existing buildings.

II.

Legal Description.

There are no changes to this section.

III.

Eligibility Of The Proposed T.I.F. District.

There are no changes to this section.

IV.*Redevelopment Goals, Objectives And Strategies.***Goals.**

The fifth (5th) goal is replaced with the following:

- Encouragement of land uses which strengthen the function and appeal of the Project Area for predominately industrial, non-residential activities, but also for residential uses in certain locations.

Objectives.

The first (1st) objective is replaced with the following:

- Provide sites for a wide range of land uses, including industrial, residential, commercial, institutional and open space.

Strategies.

The third (3rd) strategy is replaced with the following:

- Assemble current City-owned vacant lots and privately-owned land in order to provide sites for:
 - a. industrial and supportive commercial facilities;
 - b. residential development where appropriate;
 - c. community facilities such as parks and schools as needed;
 - d. landscaping and beautification wherever possible; and
 - e. street and traffic improvements as needed.

V.*Future Land-Use And Redevelopment Opportunities.***Future Land-Use.**

Figure D, which is referred to in the second (2nd) paragraph is replaced with the Figure D -- Amended Future Land-Use Plan shown at the end of this amendment document. The purpose of this amendment is to reconnect underutilized industrial

land located north of the Chicago & Western Indiana Railroad to West 74th Street between South Rockwell Street and the alley west of South Mozart Street to the neighborhoods to the north and west by extending the street network and allowing for residential development in this area.

The following is substituted as the third (3rd) land-use:

3. Residential.

New residential development is allowable and should be encouraged in certain locations within the Project Area, particularly in areas that are adjacent to existing residential neighborhoods.

The former third (3rd) land-use is renumbered as follows:

4. Institutional/Industrial.

The former fourth (4th) land-use is renumbered as follows:

5. Open Space.

Redevelopment Sites.

There are no changes to this section.

Redevelopment Activities.

There are no changes to this section.

VI.

Redevelopment Project.

Purpose Of the Redevelopment Plan.

The third (3rd) paragraph of this section is replaced with the following:

The Amended Future Land-Use Plan (as shown in Figure D -- Amended Future Land-Use Plan at the end of this amendment document), along with Redevelopment Opportunities and Public Improvements (as shown in Figures E and F respectively in the Original Plan), illustrate proposed land uses and key sites and projects. Ultimately, the Redevelopment Plan should help to better

integrate the Project Area with the adjacent residential areas, becoming an asset to the community and stemming the growth of decay.

Eligible Redevelopment Project Costs.

The Eligible Redevelopment Project Costs section is deleted in its entirety and replaced with the following:

The City may incur, or reimburse a private developer or redeveloper for incurring redevelopment project costs. Redevelopment project costs include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to the Redevelopment Plan and Redevelopment Project.

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

In the even the Act is amended after the date of the approval of this Redevelopment Plan by the City Council of Chicago to (a) include new Eligible Redevelopment Project Costs, or (b) expand the scope or increase the amount of existing Eligible Redevelopment Project Costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/11-74.4-3(q)(11), this Redevelopment Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as Redevelopment Project Costs under the Redevelopment Plan, to the extent permitted by the Act. In the event of such amendment(s) to the Act, the City may add any new Eligible Redevelopment Project Costs as a line item in Table P-2 or otherwise adjust the line items in Table P-2 without amendment to this Redevelopment Plan, to the extent permitted by the Act. In no instance, however, shall such additions or adjustments result in any increase in the total Redevelopment Project Costs without a further amendment to this Redevelopment Plan.

Redevelopment Project Costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

- A) costs of studies, surveys, development of plans and specifications, implementation and administration of the Plan including but not limited to, staff and professional service costs for architectural, engineering, legal, financial, planning or other services (excluding lobbying expenses), provided that no charges for professional services are based on a percentage of the tax increment collected;

- B) the cost of marketing sites within the Project Area to prospective businesses, developers and investors;
- C) property assembly costs, including but not limited to, acquisition of land and other property real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- D) costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings, fixtures and leasehold improvements; and the costs of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- E) costs of the construction of public works or improvements subject to the limitations in Section 11-74.4-3(q)(4) of the Act;
- F) costs of job training and retraining projects including the cost of "welfare to work" programs implemented by businesses located within the Project Area and such proposals feature a community-based training program which ensures maximum reasonable opportunities for residents of the Chicago Lawn, West Englewood, Ashburn, Auburn Gresham community areas with particular attention to the needs of those residents who have previously experienced inadequate employment opportunities and development of job-related skills including residents of public and other subsidized housing and people with disabilities;
- G) financing costs including, but not limited to, all necessary and incidental expenses related/to the issuance of obligations and which may include payment of interest on any obligations issued thereunder including interest accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding thirty-six (36) months following completion and including reasonable reserves related thereto;
- H) to the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the development Plan;
- I) relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law or by Section 74.4-3(n)(7) of the Act (see "Relocation" section);

- J) payment in lieu of taxes, as defined in the Act;
- K) costs of job training, retraining, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs: (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in the Project Area; and (ii) when incurred by a taxing district or taxing districts other than the City, are set forth in a written agreement by or among the City and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act, 110 ILCS 805/3-37, 805/3-38, 805/3-40 and 805/3-40.1, and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code, 105 ILCS 5/10-22.20a and 5/10-23.3a;
- L) interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 2. such payments in any one year may not exceed thirty percent (30%) of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 4. the total of such interest payments paid pursuant to the Act may not exceed thirty percent (30%) of the total: (i) cost paid or incurred by the redeveloper for such redevelopment project; (ii) Redevelopment Project Costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act;

5. for the financing of rehabilitated or new housing for low-income households and low-income households, as defined in Section 3 of the Illinois Affordable Housing Act, the percentage of seventy-five percent (75%) shall be substituted for thirty percent (30%) in subparagraphs 2 and 4 above.
- M) unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible Redevelopment Project Cost;
- N) an elementary, secondary or unit school district's increased costs attributable to assisted housing units will be reimbursed as provided in the Act;
- O) instead of the eligible costs provided for in (L) 2, 4 and 5 above, the City may pay up to fifty percent (50%) of the cost of construction, renovation and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for benefits under the Act; and
- P) the costs of day care services for children of employees from low-income families working for businesses located within the Project Area and all or a portion of the cost of operation day care centers established by Project Area businesses to serve employees from low-income families working in businesses located in the Project Area. For the purposes paragraph, "low-income families" means families whose annual income does not exceed eighty percent (80%) of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

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

The City requires that developers who receive T.I.F. assistance for market rate housing set aside twenty percent (20%) of the units to meet affordability criteria established by the City's Department of Housing or any successor agency.

Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than one hundred percent (100%) of the area median income, and affordable rental units should be affordable to persons earning no more than sixty percent (60%) of the area median income.

Property Assembly.

The first paragraph under Property Assembly is deleted in its entirety and replaced with the following:

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

The last two (2) paragraphs under Property Assembly are deleted in their entirety and replaced with the following:

In connection with the City exercising its power to acquire real property not currently identified on Figure G -- Acquisition Map, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

For properties described on Figure G -- Acquisition Map, the acquisition of occupied properties by the City shall commence within four (4) years from the date of the publication of the ordinance approving the Redevelopment Plan. Acquisition shall be deemed to have commenced with the sending of an offer letter. After the expiration of this four (4) year period, the City may acquire such property pursuant to this Redevelopment Plan under the Act according to its customary procedures as described in the preceding paragraph.

Property Disposition.

There are no changes to this section.

Rehabilitation Of Existing Public Or Private Structures.

There are no changes to this section.

Public Improvements.

There are no changes to this section.

Capital Costs Of Taxing Districts.

There are no changes to this section.

Relocation.

There are no changes to this section.

Job Training.

There are no changes to this section.

Developer Interest Costs.

There are no changes to this section.

Estimated Project Costs.

Table P-2 -- Estimated Redevelopment Project Costs, along with the associated Notes, shown in the Original Plan is replaced with the Amended Table P-2 Estimated Redevelopment Project Costs as shown below.

Table P-2.

Estimated Redevelopment Project Costs.

Original		Amended	
Estimated Redevelopment Project Costs		Eligible Expenses	Estimated Project Costs
Professional Services: studies, surveys, plans and specifications, administrative costs relating to redevelopment plan and projects: architectural, engineering, legal marketing, financial, planning or other services.	\$ 750,000	Professional Services (Analysis, Administration, Studies, Surveys, Legal, Marketing, et cetera)	\$ 750,000
Property Assembly: land acquisition, demolition, site preparation, environmental remediation and disposition.	19,000,000	Property Assembly including Acquisition, Site Preparation and Demolition, Environmental Remediation	19,000,000
Rehabilitation costs of public or private buildings and fixtures.	6,500,000	Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation Costs	6,500,000
Public Works or Improvements	11,000,000	Public Works and Improvements, including streets and utilities, parks and open space, public facilities (schools and other public facilities) [1]	11,300,000
Capital Costs of Taxing Districts [1]	300,000		
Relocation	100,000	Relocation Costs	100,000
Job Training, Retraining, Vocational and Career Education	2,000,000	Job Training, Retraining, Welfare-to-Work	2,000,000
		Day Care Services	100,000
Developer Interest Costs	500,000	Interest Subsidy	400,000
Total Redevelopment Costs [2] [3]	\$40,150,000	Total Redevelopment Project Costs [2] [3]	\$40,150,000 [4]

The Notes to Table P-2 Estimated Redevelopment Project Costs, as shown in the Original Plan are as follows:

Notes:

- [1] Public improvements as identified in the Redevelopment Plan and as allowable under the Act may be made to property and facilities owned or operated by the City or other public entities. As provided in the Act, the capital costs of another taxing district may be paid under this item, but only to the extent incurred in furtherance of the Redevelopment Plan and set forth in a written agreement with the City.
- [2] The total Estimated Redevelopment Project Costs provides an upper limit on expenditures and adjustments may be made in line items without amendment to this Redevelopment Plan.
- [3] Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous project areas or those separated by only a public right-of-way that are permitted under the Act to be paid from incremental property taxes generated in the Project Area, but do not include redevelopment project costs incurred in the Project Area which are paid from incremental property taxes generated in contiguous project areas or those separated only by public right-of-way. The amount of revenue from the Project Area made available to support such contiguous project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in the Redevelopment Plan.

These above Notes are replaced with the following Amended Notes for Amended Table P-2 Estimated Redevelopment Project Costs:

Amended Notes:

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

- [2] **Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs.**
- [3] **The amount of the Total Redevelopment Costs that can be incurred in the Project Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Project Area only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Project Area, but will not be reduced by the amount of redevelopment project costs incurred in the Project Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Project Area only by a public right-of-way.**
- [4] **Increases in estimated Total Redevelopment Project Costs of more than five percent (5%), after adjustment for inflation from the date of the Redevelopment Plan adoption, are subject to the Redevelopment Plan amendment procedures as provided under the Act.**

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

Sources Of Funds.

The second paragraph of this section is replaced with the following:

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

The following is inserted between the second and third sentences of the third paragraph of this section:

The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the Total Redevelopment Project Costs described in this amended Redevelopment Plan.

Nature And Term Of Obligations To Be Issued.

This section is deleted in its entirety and replaced with the following:

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

The redevelopment project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year following the year in which the ordinance approving the Project Area is adopted (which, based on the March 1999 City Council approval date of the Original Plan, would be December 31, 2023). 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 Plan. Obligations may be issued on a parity or subordinated basis.

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

Equalized Assessed Valuation.

The following sentence is added at the beginning of the first paragraph:

The purpose of identifying the most recent equalized assessed valuation ("E.A.V.") of the Project Area is to provide an estimate of the initial E.A.V. which the Cook

Financial Impact On Taxing Districts.

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

The replacement of vacant and underutilized properties with residential and non-residential development may cause increased demand for services and/or capital improvements to be provided by Cook County, the Metropolitan Water Reclamation District of Greater Chicago, the City of Chicago, the Board of Education of the City of Chicago, Chicago Community College District Number 508 and the Chicago Park District. The estimated nature of these increased demands for services on these taxing districts and the activities to address increased demand are described below.

Cook County. The replacement of vacant and underutilized properties with residential and non-residential development may cause increased demand for the services provided by the County. A portion of the Redevelopment Project Costs may be allocated to assist in the provision of such increased services, as provided in the Act and in this Redevelopment Plan.

Metropolitan Water Reclamation District Of Greater Chicago. The replacement of vacant and underutilized properties with residential and non-residential development may cause increased demand for the services and/or the capital improvements provided by the Metropolitan Water Reclamation District. As it is expected that any increase in demand for treatment and sanitary storm sewage associated with the Project Area will be minimal, no assistance is proposed for the Metropolitan Water Reclamation district.

City Of Chicago. The replacement of vacant and underutilized properties with residential and non-residential development may cause increased demand for services and programs provided by the City including police protection, fire protection, sanitary collection, recycling, et cetera. A portion of Redevelopment Project Costs may be allocated to assist in the provision of such increased services, as provided in the Act and in this Redevelopment Plan.

Board Of Education Of The City Of Chicago And Associated Agencies. The replacement of vacant and underutilized properties with residential development may result in additional school-aged children in the Project Area, and may directly affect the demand for educational services and/or capital

improvements to be provided by the Board of Education. The Project Area does include Randolph Magnet School and the South side Academy, and T.I.F. funds to assist capital improvements on those sites may be available to assist the Chicago Board of Education.

Chicago Community College District Number 508. The replacement of vacant and underutilized properties with residential development will result in an increase in population within the Project Area. Therefore, demand for educational services and programs provided by the community college district may change. However, a portion of Redevelopment Project Costs may be allocated to assist in job training and related educational programs, as provided in the Act and this Redevelopment Plan.

Chicago Park District. The replacement of vacant and underutilized properties with residential development will change the population within the Project Area, so demand for recreational services and programs provided by the Park District may be directly affected. The Redevelopment Plan does call for the redevelopment of several vacant parcels for open space uses, and T.I.F. funds may be used to aid such redevelopment.

In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise this proposed program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

The following section is added after VIII. Financial Impact Of Redevelopment:

IX.

Other Elements Of The Redevelopment Plan.

Conformance With Land Uses Approved By The Planning Commission Of The City.

The Redevelopment Plan described herein includes land uses which will be approved by the City of Chicago as may be required by statute or City policy.

Date Of Completion.

The estimated date of completion of the Redevelopment Project and retirement of obligations issued to finance Redevelopment Project Costs is no later than December 31 of the year in which the payment to the City Treasurer is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year after the year in which the ordinance approving the redevelopment project area was adopted. Based on the March 10, 1999 City approval date of the Original Plan and Project, the date of completion is no later than December 31, 2023.

Implementation Schedule.

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area. It is anticipated that the City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of incremental property taxes by the City.

Provision For Amending The Redevelopment Plan.

The Redevelopment Plan may be amended pursuant to provisions of the Act.

Affirmative Action And Fair Employment Practices.

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

- A. The assurance of equal opportunity in all personnel and employment actions, with respect to the Redevelopment Project, including, but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, et cetera, without regard to race, color, sex, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, source of income or housing status.
- B. Redevelopers must meet the City's standards for participation of twenty-four percent (24%) Minority Business Enterprises and four percent (4%) Women Business Enterprises and the City Resident Construction Worker Employment Requirement as required in redevelopment agreements.

- C. This commitment to affirmative action and nondiscrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.
- D. Redevelopers will meet City standards for any applicable prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

Assessment Of Housing Impact.

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

The Project Area contains approximately six occupied residential units, all located in the upper floors of mixed-use buildings. The City hereby certifies that the Redevelopment Plan will not result in the displacement of residents from ten (10) or more inhabited residential units.

Figure A -- Location Map.

There are no changes to this map.

Figure B -- Boundary.

There are no changes to this map.

Figure C -- Existing Land-Use.

There are no changes to this map.

Figure D -- Future Land-Use Plan.

Figure D of the Original Plan is deleted and replaced with Figure D -- Amended Future Land-Use Plan attached to this amendment document.

Figure E -- Redevelopment Opportunities.

There are no changes to this map.

Figure F -- Public Improvements.

There are no changes to this map.

Figure G -- Acquisition Map.

There are no changes to this map.

Figure H -- Map Of Adjacent T.I.F. Districts.

There are no changes to this map.

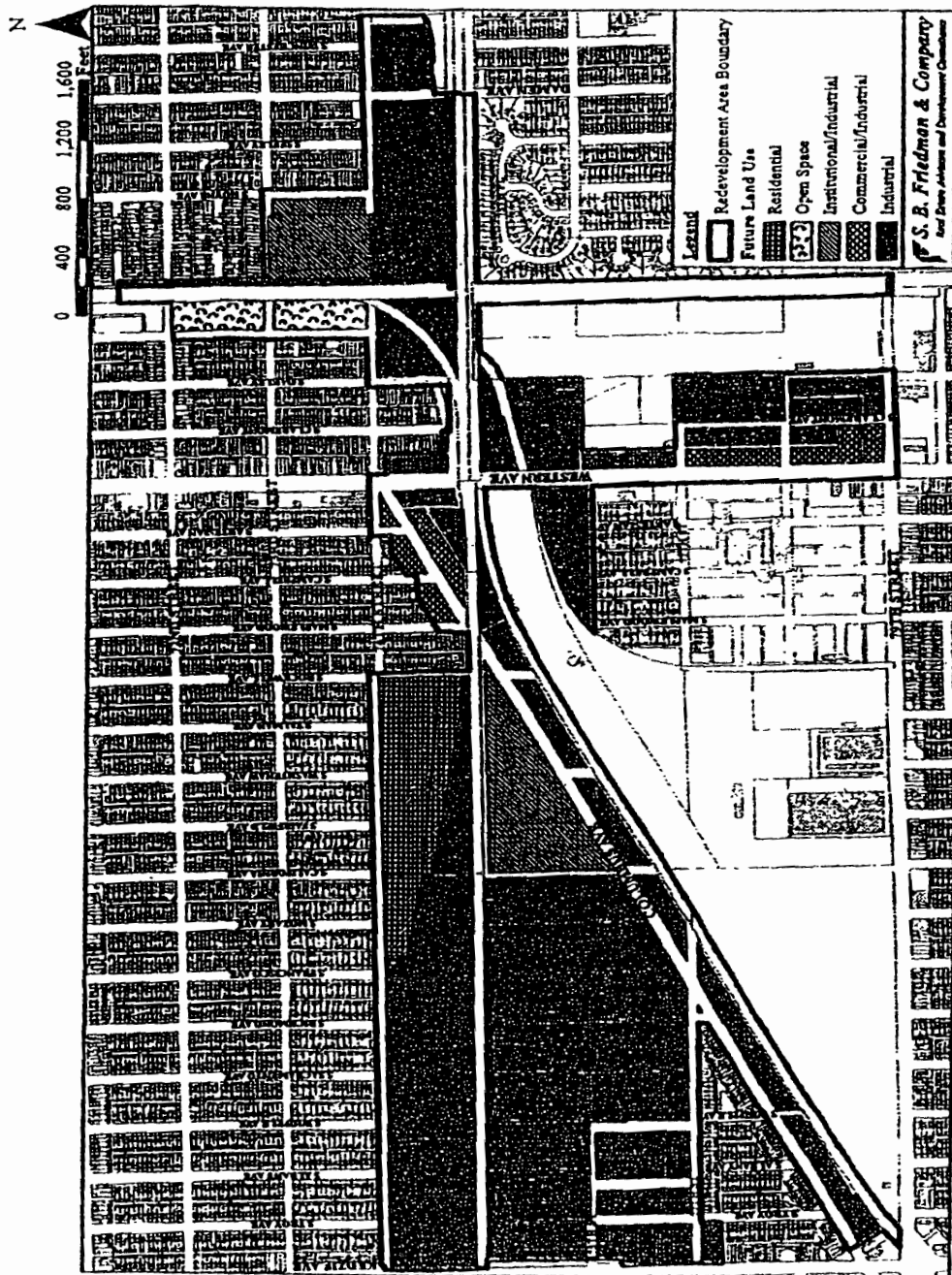
Appendix -- Eligibility Study.

There are no changes to the appendix.

[Figure "D" referred to in this Amendment Number 1 to Greater Southwest Industrial Corridor (East) Redevelopment Area Project and Plan printed on page 72952 of this *Journal*.]

Figure "D".
(To Amendment Number 1 to Greater Southwest Industrial
Corridor (East) Redevelopment Area
Project And Plan)

Future Land-Use Plan.



*Exhibit "B".
(To Ordinance)*

*Community Development Commission
Of The
City Of Chicago*

Resolution 06-CDC-01

*Recommending To The City Council
Of The
City Of Chicago*

*For The Proposed
Greater Southwest Industrial Corridor (East) Amendment
Number 1 Redevelopment Project Area:*

*Approval Of Amendment Number 1 To The
Redevelopment Plan And Project*

Whereas, The Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council ("City Council", referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (the "Act"); and

Whereas, The Commission is empowered by the Corporate Authorities to exercise certain powers set forth in Section 5/11-74.4-4(k) of the Act, including the holding of certain public hearings required by the Act; and

Whereas, Staff of the City's Department of Planning and Development has conducted or caused to be conducted certain investigations, studies and surveys of the Greater Southwest Industrial Corridor (East) Redevelopment Project Area Amendment Number 1, the street boundaries of which are described on (Sub)Exhibit A hereto (the "Area"), to determine the eligibility of the Area as a redevelopment project area as defined in the Act (a "Redevelopment Project Area") and for tax increment allocation financing pursuant to the Act ("Tax Increment Allocation Financing"), and previously has presented the following documents to the Commission for its review:

Greater Southwest Industrial Corridor (East) Redevelopment Plan and Project Amendment Number 1 (the "Plan"); and

Whereas, Prior to the adoption by the Corporate Authorities of ordinances approving a redevelopment plan, designating an area as a Redevelopment Project Area or adopting Tax Increment Allocation Financing for an area, it is necessary that the Commission hold a public hearing (the "Hearing") pursuant to Section 5/11-74.4-5(a) of the Act, convene a meeting of a joint review board (the "Board") pursuant to Section 5/11-74.4-5(b) of the Act, set the dates of such Hearing and Board meeting and give notice thereof pursuant to Section 5/11-74.4-6 of the Act; and

Whereas, The Report and Plan were made available for public inspection and review since October 27, 2005, being a date not less than ten (10) days before the Commission meeting at which the Commission adopted Resolution 05-CDC-101 on November 8, 2005 fixing the time and place for the Hearing, at City Hall, 121 North LaSalle Street, Chicago, Illinois, in the following offices: City Clerk, Room 107 and Department of Planning and Development, Room 1000; and

Whereas, Notice of the availability of the Report and Plan, including how to obtain this information, were sent by mail on November 10, 2005 which is within a reasonable time after the adoption by the Commission of Resolution 05-CDC-101 to: (a) all residential addresses that, after a good faith effort, were determined to be (i) located within the Area and (ii) located outside the proposed Area and within seven hundred fifty (750) feet of the boundaries of the Area (or, if applicable, were determined to be the seven hundred fifty (750) residential addresses that were outside the proposed Area and closest to the boundaries of the Area); and (b) organizations and residents that were registered interested parties for such Area; and

Whereas, Notice of the Hearing by publication was given at least twice, the first publication being on December 13, 2005 a date which is not more than thirty (30) nor less than ten (10) days prior to the Hearing, and the second publication being on December 20, 2005 both in the *Chicago Sun-Times* or the *Chicago Tribune* being newspapers of general circulation within the taxing districts having property in the Area; and

Whereas, Notice of the Hearing was given by mail to taxpayers by depositing such notice in the United States mail by certified mail addressed to the persons in whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Area, on December 13, 2005, being a date not less than ten (10) days prior to the date set for the Hearing; and where taxes for the last preceding year were not paid, notice was also mailed to the persons last listed on the tax rolls as the owners of such property within the preceding three (3) years; and

Whereas, Notice of the Hearing was given by mail to the Illinois Department of Commerce and Community Affairs ("D.C.C.A.") and members of the Board (including notice of the convening of the Board), by depositing such notice in the United States mail by certified mail addressed to D.C.C.A. and all Board members, on November 10, 2005, being a date not less than forty-five (45) days prior to the date set for the Hearing; and

Whereas, Notice of the Hearing and copies of the Report and Plan were sent by mail to taxing districts having taxable property in the Area, by depositing such notice and documents in the United States mail by certified mail addressed to all taxing districts having taxable property within the Area, on November 10, 2005, being a date not less than forty-five (45) days prior to the date set for the Hearing; and

Whereas, The Hearing was held on January 10, 2006 at 1:00 P.M. at City Hall, 2nd Floor, 121 North LaSalle Street, Chicago, Illinois, as the official public hearing, and testimony was heard from all interested persons or representatives of any affected taxing district present at the Hearing and wishing to testify, concerning the Commission's recommendation to City Council regarding approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

Whereas, Board meeting was convened on December 2, 2005 at 10:00 A.M. (being a date at least fourteen (14) days but not more than twenty-eight (28) days after the date of the mailing of the notice to the taxing districts on November 10, 2005 in Room 1003A, City Hall, 121 North LaSalle Street, Chicago, Illinois, to review the matters properly coming before the Board to allow it to provide its advisory recommendation regarding the approval of the Plan, designation of the Area as a Redevelopment Project Area, adoption of Tax Increment Allocation Financing within the Area and other matters, if any, properly before it, all in accordance with Section 5/11-74.4-5(b) of the Act; and

Whereas, The Commission has reviewed the Report and Plan, considered testimony from the Hearing, if any, the recommendation of the Board, if any, and such other matters or studies as the Commission deemed necessary or appropriate in making the findings set forth herein and formulating its decision whether to recommend to City Council approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; now, therefore,

Be It Resolved by the Community Development Commission of the City of Chicago:

Section 1. The above recitals are incorporated herein and made a part hereof.

Section 2. The Commission hereby makes the following findings pursuant to Section 5/11-74.4-3(n) of the Act or such other section as is referenced herein:

a. the Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be expected to be developed without the adoption of the Plan;

b. the Plan:

(i) conforms to the comprehensive plan for the development of the City as a whole; or

(ii) the Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the Chicago Plan Commission or (B) includes land uses that have been approved by the Chicago Plan Commission;

c. the Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not later than December 31 of the year in which the payment to the municipal treasurer as provided in subsection (b) of Section 5/11-74.4-8 of the Act is to be made with respect to ad valorem taxes levied in the twenty-third (23rd) calendar year following the year of the adoption of the ordinance approving the designation of the Area as a redevelopment project area and, as required pursuant to Section 5/11-74.4-7 of the Act, no such obligation shall have a maturity date greater than twenty (20) years;

d. to the extent required by Section 5/11-74.4-3(n)(6) of the Act, the Plan incorporates the housing impact study, if such study is required by Section 5/11-74.4-3(n)(5) of the Act;

e. the Plan will not result in displacement of residents from inhabited units;

f. the Area includes only those contiguous parcels of real property and improvements thereon that are to be substantially benefited by proposed Plan improvements, as required pursuant to Section 5/11-74.4-4(a) of the Act;

g. as required pursuant to Section 5/11-74.4-3(p) of the Act:

(i) the Area is not less, in the aggregate, than one and one-half (1½) acres in size; and

(ii) conditions exist in the Area that cause the Area to qualify for designation as a redevelopment project area and a blighted area as defined in the Act;

h. if the Area is qualified as a "blighted area", whether improved or vacant, each of the factors necessary to qualify the Area as a Redevelopment Project Area on that basis is (i) present, with that presence documented to a meaningful extent so that it may be reasonably found that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part or vacant part, as applicable, of the Area as required pursuant to Section 5/11-74.4-3(a) of the Act;

i. if the Area is qualified as a "conservation area" the combination of the factors necessary to qualify the Area as a redevelopment project area on that basis is detrimental to the public health, safety, morals or welfare, and the Area may become a blighted area; [and]

Section 3. The Commission recommends that the City Council approve the Plan pursuant to Section 5/11-74.4-4 of the Act.

Section 4. The Commission recommends that the City Council designate the Area as a Redevelopment Project Area pursuant to Section 5/11-74.4-4 of the Act.

Section 5. The Commission recommends that the City Council adopt Tax Increment Allocation Financing within the Area.

Section 6. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 7. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 8. This resolution shall be effective as of the date of its adoption.

Section 9. A certified copy of this resolution shall be transmitted to the City Council.

Adopted: January 10, 2006.

(Sub)Exhibit "A" referred to in this Resolution 06-CDC-01 reads as follows:

(Sub)Exhibit "A".
(To Resolution 06-CDC-01)

Street Boundary Description Of The Area.

The proposed Area is irregularly shaped and is generally bounded by West 73rd Street on the north, West 79th Street on the south, South Damen Avenue on the east and South Kedzie Avenue on the west.

APPROVAL OF TAX INCREMENT FINANCING REDEVELOPMENT PLAN
FOR 63RD/ASHLAND REDEVELOPMENT PROJECT AREA.

The Committee on Finance submitted the following report:

CHICAGO, March 29, 2006.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance approving a Redevelopment Plan for the 63rd/Ashland Tax Increment Financing Redevelopment Project Area, having had the same under advisement, begs leave to report and recommend that Your Honorable Body Pass the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

GREATER SOUTHWEST
INDUSTRIAL CORRIDOR (EAST)
REDEVELOPMENT AREA
PROJECT AND PLAN

City of Chicago, Illinois

November 23, 1998

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I INTRODUCTION

This report documents the Tax Increment Redevelopment Project and Plan (the "Redevelopment Plan") for the Greater Southwest Industrial Corridor (East) Redevelopment Area ("the Project Area"). The Redevelopment Plan has been prepared for the use of the City of Chicago (the "City") by Teska Associates, Inc. The proposed project and plan seek to respond to a number of problems and needs within the Project Area, and is indicative of a strong commitment and desire on the part of the City to improve and revitalize the Project Area. The great majority of this Project Area is within the Greater Southwest Industrial Corridor, and this Redevelopment Plan reflects the strategic plan for the Greater Southwest Industrial Corridor. This document is intended to provide a framework for improvements within the district over the next 23 years. The goal of the Redevelopment Plan is to stabilize and enhance the existing character of the Project Area as a strong industrial area mixed with appropriate commercial, open space, and institutional uses.

In 1998, the City retained the planning consulting firm of Teska Associates, Inc (TAI), in association with Valerie Kretchmer Associates and the architecture firm of DubinReid, to assist the City in the development of a tax increment financing program for the Project Area. Kretchmer Associates compiled market data for the Project Area and the surrounding market area. DubinReid provided assistance in building evaluation and identifying necessary public improvements. TAI documented the presence of age, deterioration, depreciation of physical maintenance, obsolescence, presence of structures below minimum code standards, excessive vacancies, deleterious land uses and layouts, and vacant land characterized by obsolete platting, deterioration of adjacent structures, and an unused disposal site. This evidence enabled TAI to conclude that the Project Area meets the statutory requirements for a Blighted Area and could be designated as a tax increment financing district under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq. (1996 State Bar Edition), as amended (the "Act").

TAI and the aforementioned affiliates have prepared this Redevelopment Plan and the related eligibility study with the understanding that the City would rely on: (a) the findings and conclusions of the Redevelopment Plan and the related eligibility study in proceeding with the designation of the Project Area and the adoption and implementation of the Redevelopment Plan; and (b) the fact that TAI has obtained the necessary information so that the Redevelopment Plan and the related eligibility study will comply with the Act.

Project Area Description

The Project Area is located approximately 10 miles southwest of the central business district of Chicago, and is bounded roughly by Kedzie Avenue, Damen Avenue, 73rd Street, and 79th Street (see [Figure A](#)). Most of the Project Area is located within the eastern portion of the Greater Southwest Industrial Corridor, which has been a strong industrial region since the early 1940s. The Corridor has strong truck and rail accessibility, coupled with proximity to both the Loop and Midway Airport. Approximately 85% of the land in the Greater Southwest Industrial Corridor is used for industry, including a number of firms in the food products sector.

As described more fully in the Appendix, however, the Project Area itself (a subset of the Greater Southwest Industrial Corridor) is characterized by blighted conditions, including widespread deterioration, lack of maintenance of existing structures, and prevalence of large tracts of vacant land. Although the Project Area has been the focus of recent planning efforts, including the Strategic Plan for the Greater Southwest Industrial Corridor (adopted February, 1995) and Corridors of Opportunity: A Plan for Industry in Chicago's South Side (adopted March, 1995), the City believes that Tax Increment Financing will be of substantial

benefit. Tax Increment Financing will induce private investment that will arrest and reverse the blighting conditions which current exist.

Therefore, the boundaries of the Project Area were carefully established to include those parcels which will substantially benefit from the proposed redevelopment project improvements and Redevelopment Plan. The study area includes the area between 74th Street and 77th Street, between Kedzie and Rockwell, the southeast side of Columbus between Western and Kedzie, the majority of the properties on and around Western between 74th and 79th Streets, and several blocks north of the Wabash Railroad between Oakley and Wolcott. Figure B illustrates the precise boundaries.

The Project Area consists of approximately 320 acres, on 48 legal blocks (or portions thereof) and portions of several railroad rights-of-way. Approximately 275 total parcels are included, of which 38 are vacant land and 237 are improved with buildings, parking facilities or other improvements. There are 115 buildings in the Project Area, many of which are associated with more than one parcel. Rights-of-way constitute 56 acres of the Project Area.

Within the Project Area, the majority of the land is currently zoned for industrial purposes. All parcels are zoned for industrial use except for the following: IPD no. 203 for the schools located at Hoyne and 73rd, B202 for the block east of Western between 74th and the railroad, R-4 for the block north of Columbus between Campbell and Artesian, C2-1 for the blocks north of Columbus between California and Rockwell, and B2-1 for the area at the southeast corner of Kedzie and 77th Street.

Mirroring the zoning of the Project Area, the majority of the current land uses are manufacturing, transportation, and other industry. A major presence is the Kraft Foods (Kool-Aid) facility, located between 74th and the Belt railway line, west of Rockwell. The Project Area also includes several vacant parcels, a small number of institutional/government facilities and some commercial uses along Western. Surrounding the Project Area are residential neighborhoods to the north, east, and south, and other major manufacturers (including Nabisco) to the west. Figure C illustrates the existing land uses and Table P-1 shows the existing land uses by acreage.

Table P-1 Existing Land Uses

	Acres	Percent of Total
Industrial	53.02	16.54%
Commercial	12.43	3.88%
Office	0.22	0.07%
Residential	0.14	0.04%
Institutional	24.02	7.49%
Parking	5.94	1.85%
Vacant	77.56	24.19%
Railroad	91.21	28.45%
Rights-of-way	56.09	17.49%
Total	320.63	100.00%

The Project Area is accessible by several means of transportation. Major truck/rail inter-modal transportation facilities are located immediately adjacent, including Lander's Yard, between Columbus and 79th Street, and the Forest Hill Yard north of 79th Street and east of Western. Rail lines run north-south, east-west, and southwest-northeast through the district.

Automobile and truck routes also ensure that the Project Area is well connected to the City and the nation. Kedzie, Western, and Damen Avenues are important north-south routes, and Western has been designated a Strategic Regional Arterial by the Illinois Department of Transportation. Such status opens the route to funding for improvements and the establishment of standards for reducing traffic conflicts. In the east-west direction, 71st and 79th serve as major through routes. The Dan Ryan Expressway is located approximately 3 miles to the east, and the Stevenson Expressway is approximately 5 miles to the north. While these routes ensure that the area is well connected, truck transit in the Project Area is hampered by low viaducts and poorly improved roadways.

Public transportation is also available in the Project Area. METRA operates one commuter station at the intersection of 79th and Kedzie, which operates on a limited schedule (eight trains in each direction, on weekdays only). The Chicago Transit Authority operates several bus routes which provide connections to rapid transit elevated lines. The #79 bus runs along 79th Street, traveling east of Western to the Red Line at all times, and traveling west of Western from early morning to midnight. The #48 runs north-south along Damen to the 35/Archer station of the Orange Line, during the morning and evening weekday rush hours only. Several routes run along Western from the CTA terminal located just north of 79th Street. The #49 runs north at all times to the Western station on the Orange Line. The #49A (weekday rush hours) and Pace route #349 (daily from 5am to 11pm) run south from the CTA terminal to the southern suburbs. Finally, the #52A runs north-south along Kedzie between 5am and 9pm, and makes a connection to the Orange Line at the Kedzie station.

Despite these transportation links, many of the properties in the Project Area are blighted or are becoming so. As Redevelopment Plan Section VII and the Eligibility Study in the Appendix demonstrate, the Project Area has not been subject to appropriate growth and development through investment by private enterprise, and is not reasonably expected to be developed without the direct intervention and leadership of the City. Limited new development has occurred, but the most visible example of investment in the Project Area is the conversion of commercial, taxable property to a not-for-profit non-taxable institutional use. Visual inspection, public comment, and property assessment data indicate that the Project Area is undergoing a trend of decline.

Specifically, the Project Area is characterized by vacant properties, many of which require environmental remediation prior to becoming marketable, and deteriorated buildings, which are both expensive to rehabilitate and uninviting to private investment in their current state. Without direct intervention by the City in the form provided by the Act, the limited private and not-for-profit activities which are being undertaken in the Project Area will not reverse existing blighted conditions or overcome impediments to revitalization.

Tax Increment Financing

Tax increment financing is permitted in Illinois under the Act. Only areas which meet certain specifications outlined in the Act are eligible to use this financing mechanism. This document has been prepared in accordance with the provisions of the Act and serves as a guide to all proposed public and private actions

in the Project Area. In addition to describing the redevelopment objectives, the Redevelopment Plan sets forth the overall program to be undertaken to achieve these objectives.

The Act permits municipalities to use tax increment financing to improve eligible "blighted" or "conservation" areas in accordance with an adopted redevelopment plan over a period not to exceed 23 years. The municipal cost of certain public improvements and programs can be paid with the revenues generated by increased equalized assessed values of private taxable real estate within a designated project area ("incremental property taxes"). The key to this financing tool is that it allows for the public to make capital investments that are repaid by property taxes from private development investment induced by those public capital investments. Incremental property taxes are taken from the increase in equalized assessed valuation (principally from new private development) generated within the designated project area during the limited term of the redevelopment project. Thus, the project can pay for itself without the need for additional taxes to be levied city-wide, outside the boundaries of the Project Area.

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

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

The Redevelopment Plan

As evidenced in Redevelopment Plan Section VII, "Findings of Need of Tax Increment Financing," the Project Area as a whole has not been subject to growth and development through private investment. Furthermore, it is not reasonable to expect that the Project Area as a whole will be redeveloped without the use of TIF.

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

- On a coordinated, rather than piecemeal basis, to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards; and
- On a reasonable, comprehensive, and integrated basis to ensure that the factors leading to blight are eliminated; and
- Within a reasonable and defined time period so that the Project Area may contribute productively to the economic vitality of the City.

This Redevelopment Plan specifically describes the Project Area and summarizes the factors which qualify the Project Area as a "blighted area" as defined in the Act.

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

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

Successful implementation of this Redevelopment Plan requires that the City utilize incremental property taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF, will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating the existing and threatened conditions leading to blight which have precluded development of the Project Area by the private sector.

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

- An increase in property tax base arising from new non-residential development and the rehabilitation of existing buildings.
- An increase in construction and full-time employment opportunities for residents of the community within the Project Area and the City.
- The replacement of unsightly uses, blight, and vacated properties with viable, high-quality developments.
- The clean-up of properties and assembly of development sites suitable for private investment.
- The elimination of numerous physical impediments within the Project Area on a coordinated and timely basis so as to minimize costs and promote the comprehensive, area-wide redevelopment.
- The construction of public improvements which may include new road surfaces, utilities, sewers, water lines, sidewalks, street lights, landscaping, etc., intended to make the area appear safe and more attractive to investment.
- Enhanced educational and community facilities to serve residents, businesses and institutions located within the Project Area.

- The provision of job training services to community members which make the Project Area more attractive to investors and employers.
- The creation of opportunities for women and minority businesses to share in the redevelopment of the Project Area.

II LEGAL DESCRIPTION

1 THAT PART OF SECTION 25 AND 36 TOWNSHIP 38 NORTH, RANGE 13, AND PART OF SECTION 30
2 AND 31, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED
3 AND DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE
4 OF WEST 74TH STREET WITH THE EAST LINE OF SOUTH HOYNE AVENUE IN THE EAST 1/2 OF THE
5 NORTHWEST 1/4 OF SAID SECTION 30; THENCE NORTH ALONG SAID EAST LINE OF SOUTH HOYNE
6 AVENUE TO THE NORTH LINE OF WEST 73RD STREET; THENCE WEST ALONG SAID NORTH LINE OF
7 WEST 73RD STREET TO THE EAST LINE OF THE LAND HAVING A PERMANENT INDEX NO. 20-30-112-
8 056; THENCE NORTH ALONG EAST LINE OF SAID LAND TO THE CENTER LINE OF WEST 71ST PLACE;
9 THENCE WEST ALONG SAID CENTER LINE OF WEST 71ST PLACE TO THE EAST LINE OF LOT 23 IN
10 BLOCK 1 (EXTENDED NORTH) IN SUBDIVISION OF BLOCKS 1, 2, 6, 7, 8, 10, 11 AND 14 OF DEWEY
11 AND HOGG'S SUBDIVISION, ACCORDING TO THE PLAT RECORDED JUNE 23, 1891 AS DOCUMENT
12 NO. 1492344; THENCE SOUTH ALONG SAID EAST LINE OF LOT 23 TO THE SOUTH LINE OF WEST
13 72ND STREET; THENCE WEST ALONG SAID SOUTH LINE OF WEST 72ND STREET TO THE WEST LINE OF
14 BELL AVENUE; THENCE SOUTH ALONG THE WEST LINE OF SAID SOUTH BELL AVENUE TO THE
15 NORTH LINE OF WEST 74TH STREET; THENCE WEST ALONG SAID NORTH LINE OF WEST 74TH STREET
16 TO THE WEST LINE OF SOUTH OAKLEY AVENUE; THENCE SOUTH ALONG THE SAID WEST LINE OF
17 SOUTH OAKLEY AVENUE TO THE NORTH LINE OF WEST 75TH STREET; THENCE WEST ALONG SAID
18 NORTH LINE OF WEST 75TH STREET TO THE WEST LINE OF SOUTH CLAIRMONT AVENUE (EXTENDED
19 SOUTH); THENCE NORTH ALONG SAID WEST LINE OF SOUTH CLAIRMONT AVENUE TO THE
20 NORTH LINE OF WEST 75TH STREET (ACCORDING TO THE PLAT OF DEDICATION RECORDED AS
21 DOCUMENT NO. 91-591284); THENCE WEST ALONG THE SAID NORTH LINE OF WEST 75TH STREET
22 TO THE WEST LINE OF 16 FOOT WIDE PUBLIC ALLEY (EAST OF SOUTH WESTERN AVENUE); THENCE
23 NORTH ALONG THE SAID WEST LINE OF PUBLIC ALLEY TO THE SOUTH LINE OF LOT 37 OF BLOCK
24 13 IN SUBDIVISION OF BLOCKS 5, 12 AND 13 OF DEWEY AND HOGG'S SUBDIVISION RECORDED
25 ON JULY 1, 1891 AS DOCUMENT NO. 1497127; THENCE WEST ALONG THE SAID SOUTH LINE OF
26 LOT 37 TO THE EAST LINE OF SOUTH WESTERN AVENUE; THENCE NORTH ALONG THE SAID EAST
27 LINE OF SOUTH WESTERN AVENUE TO THE NORTH LINE OF WEST 74TH STREET; THENCE WEST
28 ALONG SAID NORTH LINE OF WEST 74TH STREET TO THE WEST LINE OF SOUTH ARTESIAN AVENUE
29 IN SAID SECTION 25; THENCE SOUTH ALONG SAID WEST LINE OF SOUTH ARTESIAN AVENUE TO
30 THE NORTH LINE OF A 16 FOOT WIDE PUBLIC ALLEY (SOUTH OF WEST 74TH STREET); THENCE WEST
31 ALONG THE NORTH LINE OF SAID ALLEY TO A POINT OF AN INTERSECTION WITH THE
32 NORTHWESTERLY LINE (EXTENDED NORTHEASTERLY) OF ANOTHER 16 FOOT WIDE PUBLIC ALLEY;
33 THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE OF PUBLIC ALLEY (EXTENDED
34 SOUTHWESTERLY) TO THE WEST LINE OF SOUTH CAMPBELL AVENUE; THENCE SOUTH ALONG
35 SAID WEST LINE OF SOUTH CAMPBELL AVENUE TO THE NORTH LINE OF A 16 FOOT PUBLIC ALLEY
36 (SOUTH OF WEST 74TH STREET); THENCE WEST ALONG SAID NORTH LINE OF ALLEY TO A POINT OF
37 INTERSECTION WITH NORTHWESTERLY LINE OF ANOTHER 16 FOOT PUBLIC ALLEY (EXTENDED
38 NORTHEASTERLY); THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE OF ALLEY
39 (EXTENDED SOUTHWESTERLY) TO THE WEST LINE OF SOUTH MAPLEWOOD AVENUE; THENCE
40 SOUTH ALONG SAID WEST LINE OF SOUTH MAPLEWOOD AVENUE (EXTENDED SOUTH) TO THE
41 NORTH LINE OF THE LAND HAVING A PERMANENT INDEX NO. 19-25-500-003; THENCE WEST
42 ALONG SAID NORTH LINE OF LAND TO THE EAST LINE OF SOUTH ROCKWELL STREET (EXTENDED
43 SOUTH); THENCE NORTH ALONG SAID EAST LINE OF SOUTH ROCKWELL STREET TO THE NORTH
44 LINE OF WEST 74TH STREET; THENCE WEST ALONG SAID NORTH LINE OF WEST 74TH STREET TO A
45 POINT ON THE EAST LINE OF SOUTH KEDZIE AVENUE, (AS WIDENED BY DOCUMENT NO. 12365546)

46 SAID POINT IS 80 FEET EAST (MEASURED AT RIGHT ANGLE) OF WEST LINE OF THE NORTHWEST
47 QUARTER OF AFOREMENTIONED SECTION 25; THENCE SOUTH ALONG SAID EAST LINE OF SOUTH
48 KEDZIE AVENUE AS WIDENED (EXTENDED SOUTH), A DISTANCE OF 33.00 FEET TO THE CENTER LINE
49 OF SAID WEST 74TH STREET; THENCE WEST ALONG SAID CENTER LINE OF WEST 74TH STREET
50 (EXTENDED WEST) A DISTANCE OF 47.00 FEET TO AN INTERSECTION WITH A LINE DRAWN
51 PARALLEL WITH AND 33.00 FEET EAST FROM (MEASURED AT RIGHT ANGLE) THE WEST LINE OF THE
52 NORTHWEST QUARTER OF SAID SECTION 25; THENCE SOUTH ALONG SAID PARALLEL LINE, A
53 DISTANCE OF 696.84 FEET TO AN INTERSECTION WITH THE NORTH LINE OF THE SOUTHWEST
54 QUARTER OF SAID SECTION 25; THENCE EAST ALONG THE NORTH LINE OF SAID SOUTHWEST
55 QUARTER, A DISTANCE OF 47.00 FEET TO AN INTERSECTION WITH THE EAST LINE OF SOUTH
56 KEDZIE AVENUE AS WIDENED BY AFOREMENTIONED DOCUMENT NO. 1236546; THENCE SOUTH
57 ALONG SAID EAST LINE (AS WIDENED) A DISTANCE OF 860.99 FEET TO AN INTERSECTION WITH A
58 LINE DRAWN PARALLEL WITH AND 7.00 FEET SOUTH FROM THE NORTH LINE OF LOT 41 IN BLOCK
59 15 OF WABASH ADDITION TO CHICAGO RECORDED MAY 14, 1890 AS DOCUMENT NO. 1269284;
60 THENCE WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 47.00 FEET TO THE EAST LINE OF
61 SOUTH KEDZIE AVENUE IN SAID SUBDIVISION; THENCE SOUTH ALONG SAID EAST LINE OF SOUTH
62 KEDZIE AVENUE TO THE CENTER LINE OF 16.00 FOOT WIDE VACATED ALLEY (SOUTH OF WEST 77TH
63 STREET); THENCE EAST ALONG SAID CENTER LINE OF ALLEY TO THE WEST LINE OF SOUTH TROY
64 STREET; THENCE NORTH ALONG SAID WEST LINE OF SOUTH TROY STREET TO THE SOUTH LINE
65 OF WEST 77TH STREET; THENCE EAST ALONG SAID SOUTH LINE OF WEST 77TH STREET TO THE EAST
66 LINE OF LOT 36 IN BLOCK 6 OF RESUBDIVISION OF BLOCKS 3, 4, 5 AND 6 OF WABASH ADDITION
67 TO CHICAGO, RECORDED AS DOCUMENT NO. 9386128, SAID EAST LINE OF LOT 36 ALSO BEING
68 THE WEST LINE OF SOUTH RICHMOND STREET; THENCE SOUTH ALONG SAID EAST LINE OF LOT
69 36 A DISTANCE OF 78.43 FEET TO THE SOUTHEAST CORNER OF SAID LOT 36, SAID CORNER ALSO
70 BEING ON THE NORTHWESTERLY LINE OF WEST COLUMBUS AVENUE; THENCE SOUTHWESTERLY
71 ALONG NORTHWESTERLY LINE OF SAID WEST COLUMBUS AVENUE TO THE SOUTHWESTERLY
72 CORNER OF LOT 32 OF BLOCK 3 IN SAID RESUBDIVISION OF BLOCKS 3, 4, 5 AND 6 OF WABASH
73 ADDITION TO CHICAGO, RECORDED AUGUST 28, 1926 AS DOCUMENT NO. 9386128; THENCE
74 SOUTHEASTERLY TO THE NORTHWESTERLY CORNER OF LOT 36 OF BLOCK 2 IN WABASH
75 ADDITION TO CHICAGO, RECORDED MAY 14, 1890 AS DOCUMENT NO. 1269284; THENCE
76 SOUTHEASTERLY ALONG SOUTHWESTERLY LINE OF SAID LOT 36 (EXTENDED SOUTHEASTERLY) TO
77 THE NORTHWESTERLY LINE OF A LAND HAVING A PERMANENT INDEX NO. 19-25-501-002 ; THENCE
78 SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE OF LAND TO THE NORTH LINE OF WEST
79 79TH STREET (EAST OF SOUTH KEDZIE AVENUE); THENCE EAST ALONG SAID NORTH LINE OF WEST
80 79TH STREET TO A POINT OF INTERSECTION WITH SOUTHERLY LINE OF WABASH RAILROAD,
81 HAVING A PERMANENT INDEX NO. 19-25-501-002 AFORESAID; THENCE NORTHEASTERLY ALONG
82 SAID SOUTHERLY LINE OF WABASH RAILROAD TO THE WEST LINE OF SOUTH WESTERN AVENUE;
83 THENCE SOUTH ALONG SAID WEST LINE OF SOUTH WESTERN AVENUE, 328.00 FEET MORE OR LESS
84 TO THE NORTHEAST CORNER OF LAND HAVING A PERMANENT INDEX NO. 19-25-406-003 (NORTH
85 OF WEST 76TH STREET); THENCE SOUTHWESTERLY ALONG THE NORTHERLY CURVED LINE
86 CONCAVED TO THE SOUTHEAST OF SAID LAND TO THE NORTH LINE OF WEST 76TH STREET (33 FEET
87 IN WIDTH); THENCE EAST ALONG SAID NORTH LINE OF WEST 76TH STREET TO THE WEST LINE OF
88 SOUTH WESTERN AVENUE (110 FEET IN WIDTH); THENCE SOUTH ALONG SAID WEST LINE OF
89 SOUTH WESTERN AVENUE TO THE SOUTH LINE OF WEST 79TH STREET IN SAID SECTION 36;
90 THENCE EAST ALONG SAID SOUTH LINE OF WEST 79TH STREET (AS WIDENED) TO THE EAST LINE OF
91 SOUTH OAKLEY AVENUE (33 FEET IN WIDTH) EXTENDED SOUTH IN SAID SECTION 31; THENCE
92 NORTH ALONG SAID EAST LINE OF SOUTH OAKLEY AVENUE (SAID LINE BEING ALSO THE WEST
93 LINE OF LAND HAVING A PERMANENT INDEX NO. 20-30-501-002) TO THE NORTH LINE OF LAND

94 HAVING A PERMANENT INDEX NO. 20-30-308-007; THENCE WEST ALONG SAID NORTH LINE OF
95 LAND EXTENDED WEST TO THE SOUTHEAST CORNER OF LOT 24 OF BLOCK 17 IN FIRST ADDITION
96 TO BEVERLY GATEWAY SUBDIVISION RECORDED ON DECEMBER 12, 1925 AS DOCUMENT NO.
97 9123458 IN AFORESAID SAID SECTION 30; THENCE WEST ALONG SOUTH LINE OF SAID LOT 24
98 WHICH IS ALSO BEING THE NORTH LINE OF WEST 77TH STREET, TO THE SOUTHWEST CORNER OF
99 SAID LOT 24 WHICH IS ALSO BEING THE EAST LINE OF A 16 FOOT WIDE PUBLIC ALLEY; THENCE
100 NORTH ALONG SAID EAST LINE OF 16 FEET PUBLIC ALLEY TO THE SOUTH LINE OF WEST 76TH
101 STREET; THENCE EAST ALONG SAID SOUTH LINE OF WEST 76TH STREET TO THE NORTHWEST
102 CORNER OF LAND HAVING A PERMANENT INDEX NO. 20-30-303-006; THENCE EAST ALONG THE
103 NORTH LINE OF SAID LAND TO THE NORTHEAST CORNER OF SAID LAND WHICH IS ALSO BEING
104 THE NORTHWEST CORNER OF A LAND HAVING A PERMANENT INDEX NO. 20-30-303-007; THENCE
105 EAST ALONG NORTH LINE OF SAID LAND HAVING A PERMANENT INDEX NO. 20-30-303-007 TO THE
106 WEST LINE OF AFORESAID LAND HAVING A PERMANENT INDEX NO. 20-30-501-002; THENCE
107 NORTH ALONG SAID WEST LINE TO THE NORTHWESTERLY CURVED LINE OF SAID LAND HAVING
108 A PERMANENT INDEX NO. OF 20-30-501-002; THENCE NORTHEASTERLY ALONG SAID
109 NORTHWESTERLY CURVED LINE CONCAVED TO THE NORTHWEST, TO THE SOUTH LINE OF LAND
110 HAVING A PERMANENT INDEX NO. 20-30-500-001; THENCE EAST ALONG SAID SOUTH LINE (NOW
111 BEING STRAIGHT) TO THE WEST LINE OF LAND HAVING A PERMANENT INDEX NO. 20-30-502-002
112 (SAID LAND BEING 150 FEET IN WIDTH); THENCE SOUTH ALONG SAID WEST LINE TO THE SOUTH
113 LINE OF WEST 79TH STREET; THENCE EAST ALONG SAID SOUTH LINE OF WEST 79TH STREET TO THE
114 EAST LINE OF SAID LAND HAVING A PERMANENT INDEX NO. 20-30-502-002; THENCE NORTH
115 ALONG SAID EAST LINE TO THE SOUTH LINE OF LAND HAVING A PERMANENT INDEX NO. 20-30-
116 500-001; THENCE EAST ALONG SAID SOUTH LINE TO THE CENTER LINE OF SOUTH DAMEN
117 AVENUE; THENCE NORTH ALONG SAID CENTER LINE OF SOUTH DAMEN AVENUE TO THE
118 SOUTHWEST CORNER OF LAND HAVING A PERMANENT INDEX NO. 20-30-224-018; THENCE
119 NORTHEASTERLY ALONG SOUTHERLY LINE OF SAID LAND HAVING DEED BEARING OF NORTH 80
120 DEGREES 36 MINUTES 20 SECONDS EAST, A DISTANCE OF 194.44 FEET; THENCE CONTINUING EAST
121 ALONG SAID SOUTHERLY LINE, 25 FEET; THENCE SOUTH 18.50 FEET; THENCE NORTH 88 DEGREES
122 09 MINUTES 40 SECONDS EAST, 142.03 FEET; THENCE CONTINUING NORTHEASTERLY ALONG SAID
123 SOUTHERLY LINE BEING A CURVE CONCAVED TO THE NORTHWEST HAVING A RADIUS OF 469.84
124 FEET, AND AN ARC DISTANCE OF 182.68 FEET TO THE SOUTHEAST CORNER OF LAND HAVING A
125 PERMANENT INDEX NO. 20-30-224-017; THENCE NORTH ALONG EAST LINE OF SAID LAND
126 (EXTENDED NORTH) TO THE NORTH LINE OF WEST 74TH STREET; THENCE WEST ALONG SAID
127 NORTH LINE OF WEST 74TH STREET TO THE POINT OF BEGINNING, IN THE CITY OF CHICAGO,
128 COOK COUNTY, ILLINOIS.

III ELIGIBILITY OF THE PROPOSED TIF DISTRICT

During September, 1998, a study was undertaken, consistent with the Act and related procedural guidelines, to determine the eligibility of the proposed TIF district. The results of the study indicate that the Project Area meets the Act's requirements for a "blighted area," and is eligible to be designated by the City Council as a "Tax Increment Finance Redevelopment Project Area." The detailed findings of this study are described in the Appendix of this report.

The Project Area qualifies as a blighted area under the Act based on the predominance and extent of parcels exhibiting the following characteristics:

1. Age
2. Deterioration of buildings and site improvements
3. Depreciation of physical maintenance
4. Obsolescence
5. Structures below minimum code standards
6. Excessive vacancies
7. Deleterious land uses or layouts

Each of these factors contributes significantly to the eligibility of the Project Area as a blighted area. Thirty-seven of the 48 blocks (77%) within the Project Area contain parcels with one or more factors as defined by the criteria established for blighted areas within the Act. Of the 275 parcels within the Project Area, 155 (56%) exhibit one or more factors.

In addition, the vacant parcels, which comprise 77.56 acres of the Project Area, also qualify the Project Area as a blighted area under the Act based on the predominance and extent of vacant parcels exhibiting the following characteristics:

1. Deterioration of structures or site improvements in neighboring areas
2. Obsolete platting of vacant land
3. Area consists of unused disposal site

All of these characteristics point to the need for designation of the Project Area as a blighted area, in order to arrest these characteristics that lead to blight, and to promote redevelopment.

IV REDEVELOPMENT GOALS, OBJECTIVES AND STRATEGIES

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

Goals

The goals and objectives of the Strategic Plan for the Greater Southwest Industrial Corridor (adopted February, 1995) inform and supplement the goals of this Redevelopment Plan. The overall goals which are specifically directed to this Redevelopment Plan are:

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

Objectives

- Provide sites for a wide range of land uses, including industrial, commercial, institutional, and open space.
- Ensure a sensitive transition between residential and non-residential developments in order to minimize conflicts between different land uses.
- Encourage maintenance and expansion of industrial uses.
- Upgrade infrastructure throughout the Project Area.

- Establish a distinctive and cohesive visual identity for the Project Area.
- Ensure high quality and harmonious architectural and landscape design throughout the Project Area.
- Enhance the appearance of the Project Area by landscaping the streets.

Strategies

Based on an analysis of the existing conditions of the Project Area and the overall goals and specific strategies stated above, the strategies for redevelopment should be to:

- Establish job readiness and job training programs to provide residents within and surrounding the Project Area with the skills necessary to secure jobs in the Project Area and in adjacent project areas.
- Secure commitments from employers within the Project Area and adjacent project areas to interview graduates of the Project Area's job readiness and job training programs.
- Assemble current City-owned vacant lots and privately-owned land in order to provide sites for:
 - a. Industrial and supportive commercial facilities;
 - b. Community facilities such as parks and schools as needed;
 - c. Landscaping and beautification wherever possible;
 - d. Street and traffic improvements as needed.
- Specifically target a few key structures for rehabilitation or restoration.
- Promote non-residential uses that support the needs of area industry.
- Repair and replace the infrastructure where needed, including, but not limited to: roads, sidewalks, public utilities, and other public infrastructure.
- Study existing and future traffic conditions on arterial and neighborhood side streets; and, improve traffic flow, safety and convenience through traffic roadway and intersection improvements, traffic lighting improvements, traffic calming strategies, and viaduct improvements.
- Enhance district vitality by recruiting businesses to fill vacant structures.
- Create corridor identity with banners, lighting, etc.

V FUTURE LAND USE AND REDEVELOPMENT OPPORTUNITIES

Future Land Use

The eastern portion of the Greater Southwest Industrial Corridor comprises a majority of the Project Area. Although there are some commercial and institutional uses, the majority of the improved properties in the district are used for industry. Currently, manufacturing, warehousing and distribution, and transportation-related industries comprise a substantial portion of the uses in the Project Area. According to the framework set out by the Greater Southwest Industrial Corridor Plan, continuation and strengthening of these industrial uses should be encouraged.

The recommended land uses (see Figure D) are generally based upon those in the Greater Southwest Industrial Corridor Plan, adopted by the City in February, 1995. A study of market conditions was also undertaken by Valerie Kretchmer Associates, who found that there is a growing market for industrial space in the Project Area, due in large part to the proximity of the intermodal facilities. The market for medium and large warehouse and storage facilities is especially strong. Market demand, however, is predicated on the availability of clean sites at competitive rates.

Based on this market assessment and the planning completed for the Greater Southwest Industrial Corridor Plan, the following land uses are anticipated within the Project Area:

1. Industrial

New industrial uses that would be supportive of and compatible with existing industry include manufacturing, warehousing and distribution, high tech industry, research and development firms, office and back office facilities, packaging, waste disposal, and security firms. Such industry can take advantage of the existing transportation links and the availability of vacant land. A necessary component of any new development is landscape or other buffering, to screen industrial uses from the residential areas which surround the Project Area. The majority of the properties in the Project Area are anticipated to be redeveloped for industrial use.

2. Industrial/Commercial

Commercial uses are currently located along Western Avenue and the portion of 79th Street between Claremont and Western, and along the northerly sections of Columbus. Commercial uses should be strengthened, particularly those that will serve nearby industrial users.

3. Institutional/Industrial

The uses anticipated in these areas include existing educational institutions and a church facility which is currently undergoing rehabilitation.

4. Open Space

This category is included in the Redevelopment Plan in order to provide a more open, green environment for residents and employees within the Project Area. The site west of the railroad between 72nd and 74th is envisioned for future open space.

Redevelopment Sites

The redevelopment of the Project Area will be driven by the private reinvestment induced through public assistance and support. In the absence of assistance from the City as provided by the Redevelopment Plan, the private sector will not pursue these opportunities. Eight principal redevelopment opportunities are likely to generate sufficient tax increment and investor interest to drive other redevelopment in the area (see Figure E). All but one of the redevelopment sites are targeted for industrial use.

1. The first site is a 32.2 acre vacant parcel west of the Kraft factory and north of the C&WI railroad. Realignment and consolidation of the numerous tracks which cover the site would make a sizable area available for redevelopment. A significant grade and landscape buffer is present along Kedzie.
2. The second site is also the largest, at 63.8 acres. This site includes the abandoned drive-through theater site along Columbus Avenue, several vacant blocks to the west, and parcels which contain older, industrial buildings, most of which are vacant.
3. The third site, of 2 acres, is located on the southeast side of Columbus Avenue, north of two apartment buildings located at Kedzie and Columbus. The businesses currently operating at this site include several auto repair companies and a roofing company.
4. The fourth site is 1.8 acres and fronts the southeastern side of Columbus Avenue, just west of Western Avenue. This site is largely vacant but is surrounded by numerous operating car dealerships.
5. The fifth site is located on the east side of Western north of 76th Street and is 3 acres in size. The industrial structures which are located on this block at the present time are extremely deteriorated. Industrial redevelopment of such a visible site along a major thoroughfare can do much to improve the appearance and viability of the surrounding areas.
6. The sixth site, of 5.5 acres, is anticipated to become improved open space, to serve the substantial residential areas which surround it. Located west of the railroad and east of Bell, this site is comprised of two blocks, stretching from 72nd to 74th Streets. Both blocks are currently vacant, with substantial vegetation, and are used for illegal dumping.
7. The seventh site is located on the west side of Damen, just north of the railroad right of way. Composed of 5.2 acres, this site is located just south of two operating industrial uses, Midwest Galvanizing and Daniel Mirror Company. The property is currently owned by railroad interests.
8. The eighth and final site lies to the east of Damen, and contains 4.6 acres. The property contains a large abandoned industrial building, whose deteriorated condition creates an unattractive visual image for the area.

Redevelopment Activities

Numerous public improvements will increase the functionality, appearance, and viability of the Project Area as a strong industrial corridor (see Figure F). Many of these activities are drawn from recommendations made in the Greater Southwest Industrial Corridor Plan.

Certain individual parcels in the Project Area require public improvements to make them viable for development. As an example, the site west of the Kraft facility will benefit from consolidation and realignment of the numerous tracks which run through the property. This will make substantial amounts of previously unavailable land open to new development. A landscape buffer along the northern portion of this property will provide screening for the adjacent residential neighborhoods.

A number of activities will improve the functionality of the transportation network in the Project Area. First, low viaducts impede truck traffic and often force drivers to take long detours. Three such viaducts occur in the Project Area: at 79th Street and Columbus, 75th Street and Western, and east of Oakley along 79th Street. Raising these three viaducts will increase the availability of direct trucking routes. At-grade railroad crossings are also a problem. The CBR railroad crossing at Columbus is very rough and should be smoothed, in order to improve the quality of truck and automobile travel.

Several streets also require improvements. Some sections of public rights-of-way are not paved or are in very poor condition. A specific roadway which requires improvements is 77th Street between Columbus and Kedzie. Additional through roads would also be beneficial to the Project Area. The Greater Southwest Industrial Corridor Plan recommends a study of the feasibility of creating a new east-west through road, possibly running alongside the railroad right-of-way in the approximate alignment of 75th Street. This would connect south to Columbus in the vicinity of California. Finally, a traffic signal at the intersection of Kedzie and 77th Street would increase safety and functioning of that intersection, which has been identified as a problem.

Numerous physical improvements will improve the identity and appearance of the Project Area, making it more attractive to new development and bettering the environment for existing enterprises. The Greater Southwest Industrial Corridor Plan established particular locations that should be gateways for the corridor. These locations can be treated with features such as entrance signs, pavers, and special lighting. Western has been designated as one such gateway thoroughfare, and Columbus is also an important route which deserves recognition. Gateway features are appropriate for the intersections of 79th and Western, 74th and Western at Columbus, and Columbus, Kedzie and 79th. General streetscape treatment, including street trees and improvements to curbs, sidewalks, and fixtures such as light standards, would also increase the attractiveness of Columbus Avenue as a major diagonal cross-street. Landscape screening of the properties on the southeast side of Columbus would also greatly improve the appearance of this route.

Finally, facade improvements are appropriate for the properties facing Western Avenue. Many of these properties are in a deteriorated condition, which impairs the image of the area when viewed from this major north-south route. Improvements may be encouraged through a Facade Improvement Program.

All of these activities will improve the functioning and appearance of the Project Area, in concert with redevelopment of the sites discussed above.

VI REDEVELOPMENT PROJECT

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

Purpose of the Redevelopment Plan

The Act defines the Redevelopment Plan as: "...the comprehensive program of the municipality for development or redevelopment intended by the payment of redevelopment project costs to reduce or eliminate those conditions the existence of which qualified the redevelopment project area as a 'blighted area' or 'conservation area' or combination thereof or 'industrial park conservation area,' and thereby to enhance the tax bases of the taxing districts which extend into the redevelopment project area" (65ILCS 5/11-74.4-3(n) (1996 State Bar Edition), as amended).

Further, the Act states that for such areas, "It is hereby found and declared that in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken; that to remove and alleviate adverse conditions it is necessary to encourage private investment and restore and enhance the tax base of the taxing districts in such areas by the development or redevelopment of project areas. The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas by redevelopment projects is hereby declared to be essential to the public interest" (65 ILCS 5/11-74.4-2(b) (1996 State Bar Edition), as amended).

The Future Land Use Plan, Redevelopment Opportunities, and Public Improvements, in Figures D, E, and F respectively, illustrate proposed land uses and key sites and projects. Ultimately, the Redevelopment Plan should help to better integrate the Project Area with the adjacent residential areas, becoming an asset to the community and stemming the growth of decay.

Eligible Redevelopment Project Costs

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

- Costs of studies, surveys, development of plans, and specifications, implementation and administration of the Redevelopment Plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services;
- 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;
- Costs of the construction of public works or improvements;
- Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such

obligations are issued, and not exceeding 36 months thereafter and including reasonable reserves related thereto;

- All or a portion of the 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 that the City by written agreement, accepts and approves such costs;
- Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or state law;
- Payment in lieu of taxes;
- Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical field leading directly to employment, incurred by one or more taxing districts, as provided by the Act;
- Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project, as provided by the Act; and
- Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings and site improvements.

Property Assembly

To achieve the renewal of the Project Area, the City of Chicago is authorized to acquire property, clear properties of all or any improvements, and either: (i) sell, lease or convey such property for private redevelopment; or (ii) sell, lease or dedicate such property for construction of public improvements or facilities. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program. The City may pay for a private developer's cost of acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and clearing and grading of land. Furthermore, the City may require written redevelopment agreements with developers before acquiring any sites. In connection with the City exercising its power to acquire real property not currently on the Acquisition Map, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

Figure G indicates the area currently proposed to be acquired for clearance and redevelopment in the Project Area. The properties shown in Figure G are as follows:

19-25-301-001	19-25-307-001	19-25-310-008	19-25-313-001
19-25-302-001	19-25-307-002	19-25-310-009	19-25-314-001
19-25-303-001	19-25-307-003	19-25-310-010	19-25-315-001
19-25-304-002	19-25-310-002	19-25-310-012	20-30-111-001
19-25-305-001	19-25-310-003	19-25-310-013	20-30-119-001
19-25-305-002	19-25-310-004	19-25-310-014	20-30-224-016
19-25-306-001	19-25-310-005	19-25-310-015	20-30-224-017
19-25-306-002	19-25-310-006	19-25-312-002	20-30-224-018

As a necessary part of the redevelopment process, the City may hold and secure property which it has acquired and place it in temporary use until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, parking, or other uses the City may deem appropriate.

Land acquisition activities pursuant to the Acquisition Map will be initiated by the City within four years from the date of the publication of an ordinance approving an acquisition.

Property Disposition

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

Rehabilitation of Existing Public or Private Structures

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

- Financial support to private property owners for the restoration and enhancement of existing structures within the corridor.
- Improvements to the facade or rehabilitation of public or private buildings.

Public Improvements

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

- Vacation, removal, resurfacing, widening, reconstruction, construction, and other improvements to streets, alleys, pedestrian ways, and pathways;
- Installation of traffic improvements, viaduct improvements, street lighting and other safety and accessibility improvements;
- Development of parks, playgrounds, plazas, and places for public leisure and recreation;
- Construction of public off-street parking facilities;
- Installation, reconstruction, improvement or burial of public or private utilities;

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

Recommended public improvements are shown in the proposed Public Improvements Plan (Figure F). The City may determine at a later date that certain listed improvements are no longer needed or appropriate and may remove them from the list, or may add new improvements to the list.

Capital Costs of Taxing Districts

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

Relocation

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

Job Training

Separate or combined programs designed to increase the skills of the labor force to meet employers' hiring needs and to take advantage of the employment opportunities within the Project Area may be implemented.

Developer Interest Costs

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

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

Estimated Project Costs

Table P-2 outlines the estimated costs of the Redevelopment Project.

Table P-2 Estimated Redevelopment Project Costs

Estimated Redevelopment Project Costs	
Professional Services: studies, surveys, plans & specifications, administrative costs relating to redevelopment plan and projects: architectural, engineering, legal, marketing, financial, planning or other services.	\$750,000
Property Assembly: land acquisition, demolition, site preparation, environmental remediation, and disposition	\$19,000,000
Rehabilitation costs of public or private buildings and fixtures	\$6,500,000
Public works or improvements	\$11,000,000
Capital Costs of Taxing Districts ⁽¹⁾	\$300,000
Relocation	\$100,000
Job Training, Retraining, Vocational and Career Education	\$2,000,000
Developer Interest Costs	\$500,000
Total Redevelopment Costs ^{(2) (3)}	\$40,150,000

Notes:

1. Public improvements as identified in the Redevelopment Plan and as allowable under the Act may be made to property and facilities owned or operated by the City or other public entities. As provided in the Act, the capital costs of another taxing district may be paid under this item, but only to the extent incurred in furtherance of the Redevelopment Plan and set forth in a written agreement with the City.
2. The total Estimated Redevelopment Project Costs provides an upper limit on expenditures and adjustments may be made in line items without amendment to this Redevelopment Plan.
3. Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous project areas or those separated by only a public right-of-way that are permitted under the Act to be paid from incremental property taxes generated in the Project Area, but do not include redevelopment project costs incurred in the Project Area which are paid from incremental property taxes generated in contiguous project areas or those separated only by a public right-of-way. The amount of revenue from the Project Area made available to support such contiguous project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in the Redevelopment Plan.

Sources of Funds

The Act provides methods by which municipalities can finance eligible redevelopment project costs with incremental real estate tax revenues. Incremental tax revenue is derived from the increase in the current equalized assessed valuation (EAV) of real property within the Project Area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate, resulting in a tax increment revenue. A decline in current EAV does not result in a negative real estate tax increment.

Funds necessary to pay Redevelopment Project Costs may be derived from a number of authorized sources. The principal source of anticipated revenues is real property tax increments generated by new private development. There may be other local sources of revenue, including land disposition proceeds that the City determines are appropriate to allocate to the payment of Redevelopment Project Costs. The City may explore the availability of funds from state and Federal programs to assist in financing the project costs. The municipality may incur redevelopment project costs which are paid from funds of the municipality other than incremental taxes, and the municipality may be then reimbursed for such costs from incremental taxes.

The Project Area may, in the future, be contiguous to, or separated only by a public right-of-way from, other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Project Area to pay eligible Redevelopment Project Costs, or obligations issued to pay such costs, in other contiguous project areas or other project areas separated only by a public right-of-way, and visa versa. The Project Area is contiguous to the 79th Street Corridor TIF district to the east, and the 73rd and Kedzie TIF to the west (see [Figure H](#)).

The Project Area may become contiguous to, or be separated only by a public right-of-way from, project areas created under the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-1, et seq. (1996 State Bar Edition), as amended. If the City finds that the goals, objectives and financial success of such contiguous project areas or those separated only by a public right-of-way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such project areas, and vice versa. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa. Such revenues may be transferred in the form of a loan between such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible redevelopment project costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in [Table P-2](#) of this Redevelopment Plan.

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

Nature and Term of Obligations to be Issued

Under the Act, the City may issue tax increment revenue obligation bonds and other obligations secured by incremental property taxes generated in the Project Area pursuant to the Act for a term not to exceed twenty years. All such obligations shall be retired within 23 years from the adoption of the ordinances by the City Council of the City approving the Project Area and the Redevelopment Plan, with such ultimate retirement date occurring no later than the year 2021. The City may also issue general obligation bonds.

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

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

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

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

Equalized Assessed Valuation

Table P-3 lists the most recent (1997) equalized assessed valuations of properties in the Project Area by parcel. The total estimated equalized assessed valuation (EAV) for the Project Area is \$18,333,519. This EAV is based on 1997 EAV figures collected by Teska Associates, Inc. and is subject to verification by the County Clerk. After verification, the final figure shall be certified by the County Clerk of Cook County, Illinois. This certified amount shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by the County.

If the 1998 EAV shall become available prior to the date of the adoption of the Redevelopment Plan by the City Council, the City may update the Redevelopment Plan by replacing the 1997 EAV with the 1998 EAV without further City Council action.

Upon completion of anticipated private development of targeted opportunity sites within the Project Area, it is anticipated that the equalized assessed valuation of the Project Area will be in excess of \$65.6 million. This projection is based upon the construction of new industrial or commercial structures on the major redevelopment sites indicated in **Figure E**, at prevailing market construction costs and lot coverage ratios. The calculation assumes that assessments appreciate at a rate of 2% per year. The projection represents a 258% increase in the total equalized assessed valuation. Other new projects, rehabilitation of existing buildings, and appreciation of real estate values may result in substantial additional increases in equalized assessed valuation.

Table P-3

1997 Equalized Assessed Value of Project Area

PIN	1997 EAV				
19-25-124-003	\$162,276	19-25-301-001	\$104,654	19-25-321-001	\$18,227
19-25-124-004	railroad	19-25-302-001	\$104,675	19-25-322-003	\$460,206
19-25-125-001	\$2,058,522	19-25-303-001	\$104,694	19-25-322-005	\$50,673
19-25-125-003	\$342,043	19-25-304-002	\$128,470	19-25-322-006	\$119,528
19-25-125-004	railroad	19-25-305-001	railroad	19-25-322-007	\$76,733
19-25-224-014	exempt	19-25-305-002	\$113,329	19-25-322-008	\$83,418
19-25-225-020	\$16,776	19-25-306-001	railroad	19-25-322-009	\$127,236
19-25-225-021	\$12,782	19-25-306-002	\$113,329	19-25-322-010	\$17,011
19-25-225-022	\$12,857	19-25-307-001	railroad	19-25-322-011	railroad
19-25-225-026	\$207,029	19-25-307-002	\$1,489	19-25-323-001	railroad
19-25-226-018	\$407,068	19-25-307-003	\$120,676	19-25-324-002	\$496
19-25-227-001	\$216,893	19-25-308-008	\$220,262	19-25-400-003	exempt
19-25-228-002	\$10,091	19-25-308-009	\$224,799	19-25-401-003	exempt
19-25-228-003	\$15,665	19-25-308-012	\$290,641	19-25-402-004	exempt
19-25-228-004	\$10,091	19-25-308-013	\$167,470	19-25-403-001	railroad
19-25-228-005	\$10,091	19-25-308-014	\$32,951	19-25-403-002	railroad
19-25-228-006	\$10,091	19-25-308-015	\$13,428	19-25-404-001	railroad
19-25-228-007	\$13,179	19-25-308-016	\$48,163	19-25-405-001	railroad
19-25-228-008	\$11,028	19-25-308-017	\$64,198	19-25-406-003	\$293,965
19-25-228-009	\$11,028	19-25-308-018	\$4,070	20-30-111-001	railroad
19-25-228-010	\$11,028	19-25-310-002	\$11,903	20-30-112-056	\$24,111
19-25-228-011	\$11,028	19-25-310-003	\$172,789	20-30-119-001	railroad
19-25-228-012	\$18,139	19-25-310-004	\$65,135	20-30-120-001	exempt
19-25-228-013	\$45,411	19-25-310-005	\$15,835	20-30-120-002	exempt
19-25-228-015	\$32,723	19-25-310-006	\$15,835	20-30-120-003	exempt
19-25-228-016	\$13,882	19-25-310-008	\$122,928	20-30-120-004	exempt
19-25-228-017	\$51,950	19-25-310-009	\$214,795	20-30-120-005	exempt
19-25-228-018	\$56,348	19-25-310-010	\$254,438	20-30-120-006	exempt
19-25-228-019	\$44,151	19-25-310-012	\$31,754	20-30-120-007	exempt
19-25-228-020	\$19,544	19-25-310-013	\$73,538	20-30-120-008	exempt
19-25-228-021	\$13,835	19-25-310-014	\$198,191	20-30-120-009	exempt
19-25-228-022	\$52,551	19-25-310-015	\$201,343	20-30-123-003	\$10,132
19-25-228-023	\$11,329	19-25-312-002	\$122,270	20-30-123-004	\$26,532
19-25-228-024	\$11,329	19-25-313-001	\$117,936	20-30-123-005	\$13,463
19-25-228-025	\$6,685	19-25-314-001	\$91,281	20-30-123-006	\$14,185
19-25-228-027	\$139,706	19-25-315-001	\$56,593	20-30-123-007	\$12,049
19-25-228-028	railroad	19-25-316-001	railroad	20-30-123-008	exempt
19-25-228-031	railroad	19-25-317-004	\$10,383	20-30-123-009	\$7,104
19-25-228-032	\$29,930	19-25-317-005	\$13,510	20-30-123-010	\$12,356
19-25-228-033	exempt	19-25-317-031	\$16,104	20-30-123-012	\$13,611
19-25-300-001	\$41,074	19-25-317-032	\$12,713	20-30-123-035	\$277
19-25-300-002	\$65,726	19-25-317-033	\$12,713	20-30-123-036	\$45,037
		19-25-317-034	\$14,664	20-30-123-037	\$34,737
		19-25-317-064	\$123,738	20-30-123-011	\$108,229

20-30-125-001	\$169,542	20-30-307-011	\$12,036	20-30-312-024	\$4,169
20-30-125-002	railroad	20-30-307-012	\$47,759	20-30-312-025	\$44,059
20-30-125-003	railroad	20-30-307-013	\$47,759	20-30-312-026	\$29,698
20-30-126-004	railroad	20-30-307-014	\$58,865	20-30-312-027	exempt
20-30-126-008	\$339,348	20-30-307-015	\$58,865	20-30-312-028	exempt
20-30-126-009	\$238,571	20-30-307-016	\$54,698	20-30-312-029	exempt
20-30-126-011	railroad	20-30-307-017	\$54,698	20-30-312-030	exempt
20-30-126-012	railroad	20-30-307-018	\$11,350	20-30-312-032	\$68,277
20-30-126-013	\$306,996	20-30-307-019	\$11,144	20-30-312-033	\$103,276
20-30-126-014	\$30,078	20-30-307-020	\$11,144	20-30-312-034	exempt
20-30-126-015	\$8,473	20-30-307-021	\$11,144	20-30-312-035	\$211,660
20-30-126-016	\$58,749	20-30-307-022	\$53,493	20-30-312-036	\$69,414
20-30-126-003	railroad	20-30-307-026	\$24,431	20-30-313-001	\$92,310
20-30-126-017	railroad	20-30-307-027	\$58,893	20-30-313-002	\$99,256
20-30-224-016	\$212,735	20-30-307-039	\$88,470	20-30-313-003	\$56,776
20-30-224-017	\$38,820	20-30-307-041	\$4,156	20-30-313-004	\$4,169
20-30-224-018	\$236,923	20-30-307-042	\$20,647	20-30-313-005	\$38,268
20-30-300-002	\$173,941	20-30-307-043	\$133,849	20-30-313-006	\$50,248
20-30-300-005	\$85,094	20-30-307-044	\$50,815	20-30-313-007	\$61,658
20-30-300-012	\$77,825	20-30-307-045	\$125,663	20-30-313-008	\$44,916
20-30-300-013	\$177,753	20-30-307-046	\$196,289	20-30-313-009	\$26,285
20-30-300-014	\$11,647	20-30-307-047	\$11,327	20-30-313-010	\$48,765
20-30-300-015	\$16,536	20-30-307-048	\$10,702	20-30-313-011	\$48,765
20-30-300-001	railroad	20-30-308-003	\$74,266	20-30-313-012	\$26,341
20-30-300-003	railroad	20-30-308-004	\$189,713	20-30-313-013	\$51,483
20-30-300-016	railroad	20-30-308-007	\$317,242	20-30-313-026	\$7,487
20-30-300-017	railroad	20-30-308-009	\$190,762	20-30-313-027	\$8,063
20-30-302-013	\$83,867	20-30-308-010	\$299,920	20-30-313-028	\$5,909
20-30-302-014	\$57,584	20-30-308-011	\$239,372	20-30-313-029	\$5,909
20-30-302-017	\$12,229	20-30-312-001	\$72,648	20-30-313-030	\$12,141
20-30-302-018	\$12,229	20-30-312-002	\$37,924	20-30-313-031	\$56,336
20-30-302-041	\$51,449	20-30-312-003	\$37,924	20-30-313-032	\$52,629
20-30-302-042	\$107,739	20-30-312-004	\$39,617	20-30-313-033	\$52,629
20-30-302-043	\$775,605	20-30-312-005	\$22,544	20-30-313-037	\$66,375
20-30-302-044	\$138,237	20-30-312-006	\$22,544	20-30-313-038	\$67,041
20-30-302-045	\$134,403	20-30-312-007	\$13,027	20-30-313-039	\$77,053
20-30-307-001	\$22,147	20-30-312-008	\$57,257	20-30-313-040	\$120,166
20-30-307-002	\$13,302	20-30-312-009	\$159,560	20-30-313-041	exempt
20-30-307-003	\$13,302	20-30-312-010	\$48,584	20-30-313-042	\$4,169
20-30-307-004	\$52,581	20-30-312-011	\$49,126	20-30-313-043	\$11,136
20-30-307-005	\$52,581	20-30-312-012	\$11,658	19-25-500-001	railroad
20-30-307-006	\$11,666	20-30-312-019	\$23,992	19-25-500-002	railroad
20-30-307-007	\$43,474	20-30-312-020	\$32,878	19-25-500-003	railroad
20-30-307-008	\$43,474	20-30-312-021	\$32,878	19-25-501-001	railroad
20-30-307-009	\$44,480	20-30-312-022	\$4,169	19-25-501-002	railroad
20-30-307-010	\$12,440	20-30-312-023	\$4,169	20-30-500-001	railroad

20-30-500-003	railroad
20-30-500-004	railroad
20-30-500-005	railroad
20-30-500-002	railroad
20-30-501-001	railroad
20-30-502-001	railroad
20-30-502-002	railroad
Total	\$18,333,519

VII FINDINGS OF NEED FOR TAX INCREMENT FINANCING

Pursuant to the Act, TAI makes the following findings:

Project Area Not Subject to Growth

Although the City and its surrounding regional area, as a whole, have evidenced growth, the Project Area has not been subject to appropriate growth and redevelopment through investment by private enterprise, and would not reasonably be anticipated to be developed without the adoption of the Redevelopment Plan. The lack of growth is evidenced by the following factors:

Lack of New Construction / Renovation by Private Enterprise

Building permit records in the Project Area for the period from January 1993 to August 1998 were obtained from the City. A total of 55 building permits were issued to 29 properties in the Project Area during this time.

In general, the pace of new construction and renovation by private enterprise is slow in the Project Area. Between 1993 and August of 1998, only 55 building permits were issued in the Project Area (see Table P-4). Further, only 6 permits were issued for construction of new structures (3 cellular communications towers, a State auto emissions testing facility, a portable classroom, and a car dealership). A recent permit, issued for the remodeling of a retail store to a church/institutional use, will take 7.8 acres off the tax rolls. Only one of these cases represents private investment in a commercial or industrial enterprise. The Project Area has not been subject to appropriate growth and development.

Table P-4 Building Permits in the Project Area, January 1993 to August 1998

Address	Type of Permit	Value
2300 W. 76 th Street	demolition	\$21,900
3134 W. 76 th Street	erect Emissions Testing facility	\$750,000
3134 W. 76 th Street	revision to previous permit	\$2
2252 W. 79 th Street	install underground fuel tank	\$25,000
2252 W. 79 th Street	demolition	not available
2256 W. 79 th Street	demolition	not available
2308 W. 79 th Street	remodel	\$40,000
2344 W. 79 th Street	plumbing	\$400
7701 S. Claremont Ave.	install heaters	\$16,000
7828 S. Claremont Ave.	repair roof	\$9,500
2600 W. Columbus Ave.	remodel store to church	\$100,000
2600 W. Columbus Ave.	remodel of exterior	\$200,000

2600 W. Columbus Ave.	remodel store to church	\$600,000
2630 W. Columbus Ave.	plumbing	\$3,000
2716 W. Columbus Ave.	repair roof drywall	\$4,500
2750 W. Columbus Ave.	repairs	\$10,000
2750 W. Columbus Ave.	plumbing	\$1,200
3119 W. Columbus Ave.	install overhead doors	\$9,800
3119 W. Columbus Ave.	install special room	\$2,500
2650 W. Columbus Ave.	plumbing	\$5,000
7601 S. Kedzie Ave.	erect cell phone tower	\$30,000
7601 S. Kedzie Ave.	install fence	\$5,000
7601 S. Kedzie Ave.	install equipment building	\$50,000
7641 S. Kedzie Ave.	erect monopole	\$70,000
7641 S. Kedzie Ave.	install fence	\$3,600
7521 S. Western Ave.	repair elevator	\$44,920
7601 S. Western Ave.	install furnaces	\$6,000
7633 S. Western Ave.	repairs	\$5,932
7711 S. Western Ave.	plumbing	\$1,500
7733 S. Western Ave.	install hot water heater	\$1,100
7829 S. Western Ave.	plumbing	\$1,500
7859 S. Western Ave.	install outside air intakes	\$7,000
7859 S. Western Ave.	install air conditioners	\$9,000
2459 W. Columbus Ave.	demolition	\$1,800
7400 S. Rockwell Street	install fixtures	\$1,500
7400 S. Rockwell Street	remodel locker room	\$45,000
7400 S. Rockwell Street	remodel entrance	\$8,000
7400 S. Rockwell Street	install vestibule	\$18,000
7400 S. Rockwell Street	install columns	\$2,000
7400 S. Rockwell Street	remodel building	\$251,698
7400 S. Rockwell Street	install packaging system	\$248,600
7400 S. Rockwell Street	install fence	\$600
7400 S. Rockwell Street	remodel mechanical room	\$12,000

7400 S. Rockwell Street	mechanical work	\$259,000
7400 S. Rockwell Street	mechanical work	\$40,000
7400 S. Rockwell Street	install reversing edges	\$4,538
7410 S. Western Ave.	demolition	\$7,800
7410 S. Western Ave.	erect car dealership	\$200,000
7440 S. Western Ave.	install fence	\$3,000
7440 S. Western Ave.	erect cell phone tower	\$6,800
7440 S. Western Ave.	install equipment building	\$42,000
2101 W. 74 th Street	install addition	\$380,000
2101 W. 74 th Street	install detector	\$1,000
7316 S. Hoyne Ave.	repair roof	\$0
7316 S. Hoyne Ave.	erect portable classroom	\$2,000,000
Total		\$5,567,690

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

Between 1990 and 1997 the Equalized Assessed Valuation of the Project Area increased from \$14,420,260 to \$18,333,519, an increase of only 27.14%, or an average annual increase of 3.9%. Over the same period, the Equalized Assessed Value of the City as a whole increased from \$24,737,755,681 to \$36,098,860,059, which represents an increase of 45.93%, or an average annual increase of 6.6%. Thus the level of investment and property appreciation within the Project is substantially lower than the City as a whole.

VIII FINANCIAL IMPACT OF REDEVELOPMENT

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

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

Demand on Taxing District Services

The following taxing districts presently levy taxes against properties located within the Project Area:

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

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

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

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes, etc.

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

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

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

The replacement of vacant and underutilized properties with non-residential development may cause increased demand for services and/or capital improvements to be provided by Cook County, the Metropolitan Water Reclamation District of Greater Chicago, the City of Chicago, the Board of Education of the City of Chicago, Chicago Community College District #508, and the Chicago Park District. The estimated nature of these increased demands for services on these taxing districts, and the activities to address increased demand, are described below.

Cook County. The replacement of vacant and underutilized properties with non-residential development may cause increased demand for the services and programs provided by the County. A portion of Redevelopment Project Costs may be allocated to assist in the provision of such increased services, as provided in the Act and in this Redevelopment Plan.

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

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

Board of Education of the City of Chicago and Associated Agencies. The replacement of vacant and underutilized properties with non-residential development will not result in additional school-aged children in the Project Area, and will not directly affect the demand for educational services and/or capital improvements to be provided by the Board of Education. The Project Area does include Randolph Magnet School and the Southside Academy, and TIF funds to assist capital improvements on those sites may be available to assist the Chicago Board of Education.

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

Chicago Park District. The replacement of vacant and underutilized properties with non-residential development will not change the population within the Project Area, so that demand for recreational services and programs provided by the Park District will not be directly affected. The Redevelopment Plan does call for the redevelopment of several vacant parcels for open space uses, and TIF funds may be used to aid such redevelopment.

This proposed program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Project occurring as anticipated in the Redevelopment Plan, (ii) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs, and (iii) the generation of sufficient

incremental property taxes to pay for the Redevelopment Project Costs listed above. In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise this proposed program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

IX OTHER ELEMENTS OF THE REDEVELOPMENT PLAN

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

The Redevelopment Plan and Project described herein includes land uses which will be approved by the City of Chicago as may be required by statute or City policy prior to the adoption of the Redevelopment Plan. The land uses anticipated in the Future Land Use Plan (Figure D) are consistent with current zoning of the area.

Date of Completion

The estimated year of completion of the Redevelopment Project under no circumstances shall extend beyond 23 years from the date of adoption of this Redevelopment Plan by the City Council of the City.

Implementation Schedule

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area. It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of incremental property taxes by the City. The estimated date for completion of Redevelopment Projects is no later than the year 2021.

Provision for Amending the Redevelopment Plan

The Redevelopment Plan may be amended pursuant to provisions of the Act.

Affirmative Action and Fair Employment Practices

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

1. The assurance of equal opportunity in all personnel and employment actions, including, but not limited to: hiring, 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.
2. Redevelopers will meet City of Chicago standards for participation of Minority Business Enterprises and Woman Business Enterprises, the City Resident Construction Worker Employment Requirement, and the prevailing wage requirements as required in redevelopment agreements.
3. This commitment to affirmative action will ensure that all member of the protected groups are sought out to compete for job openings and promotional opportunities.

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

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

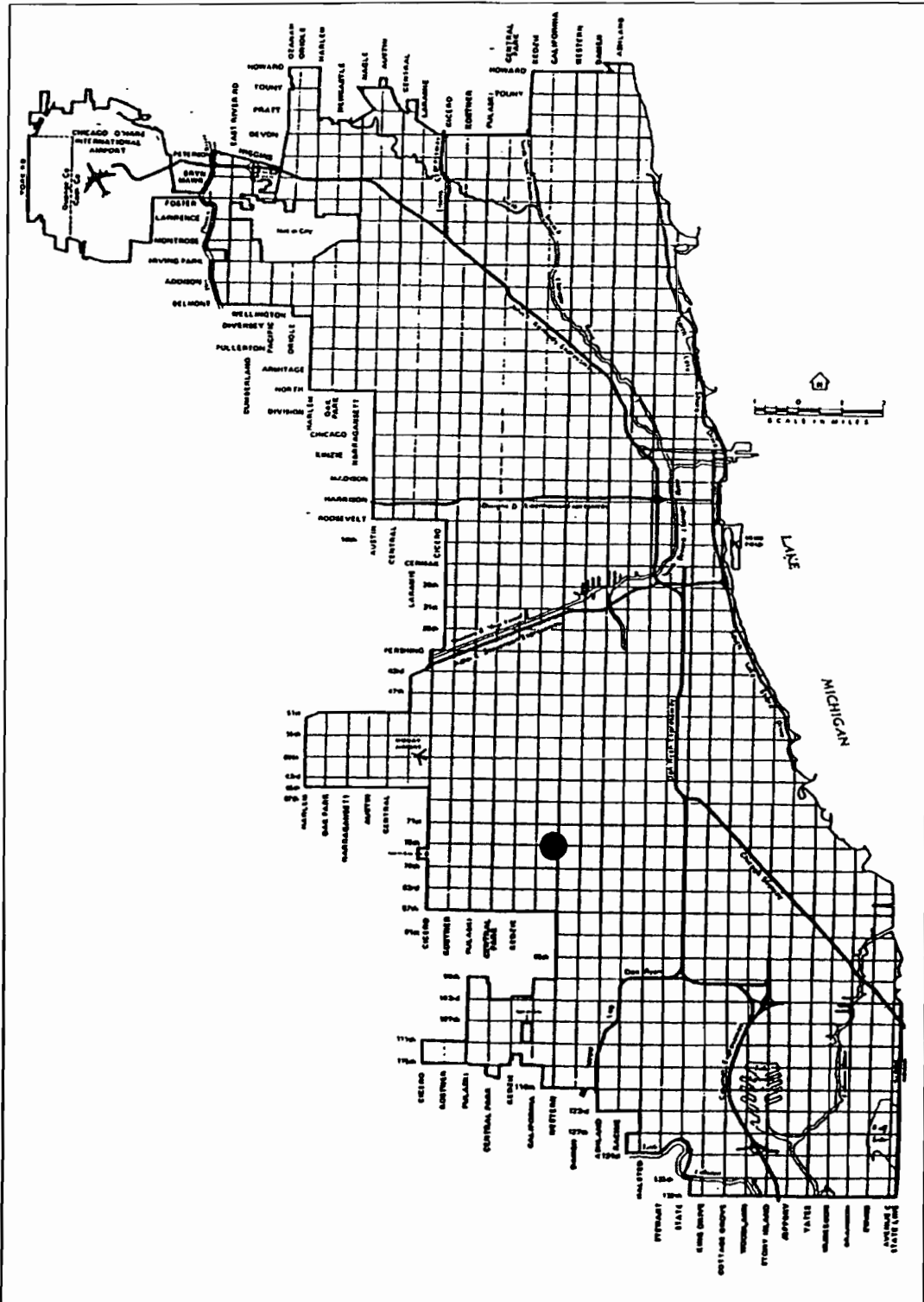
Anyone involved with employment or contracting activities for this Redevelopment Plan and Project will be responsible for conformance with this policy and the compliance requirements of applicable city, state, and Federal laws and regulations.

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

Underlying this policy is the recognition that successful affirmative action programs are important to the continued growth and vitality of the City of Chicago.

GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

Figure A: Location Map



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



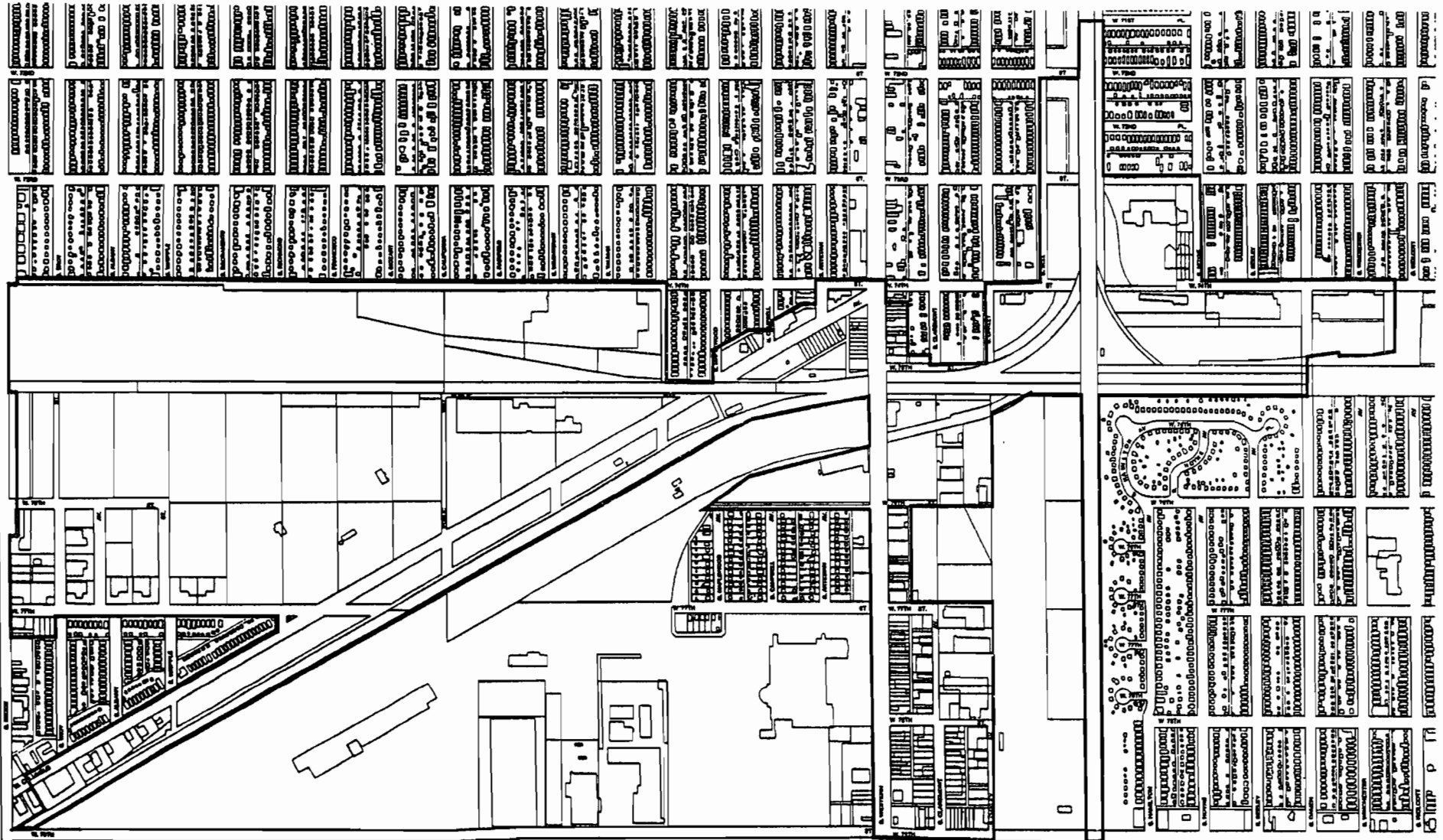
Figure B: Project Area Boundary

— Redevelopment Area Boundary

0 250' 500' 1000'

TESKA
ASSOCIATES
INC.

November 9, 1998



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

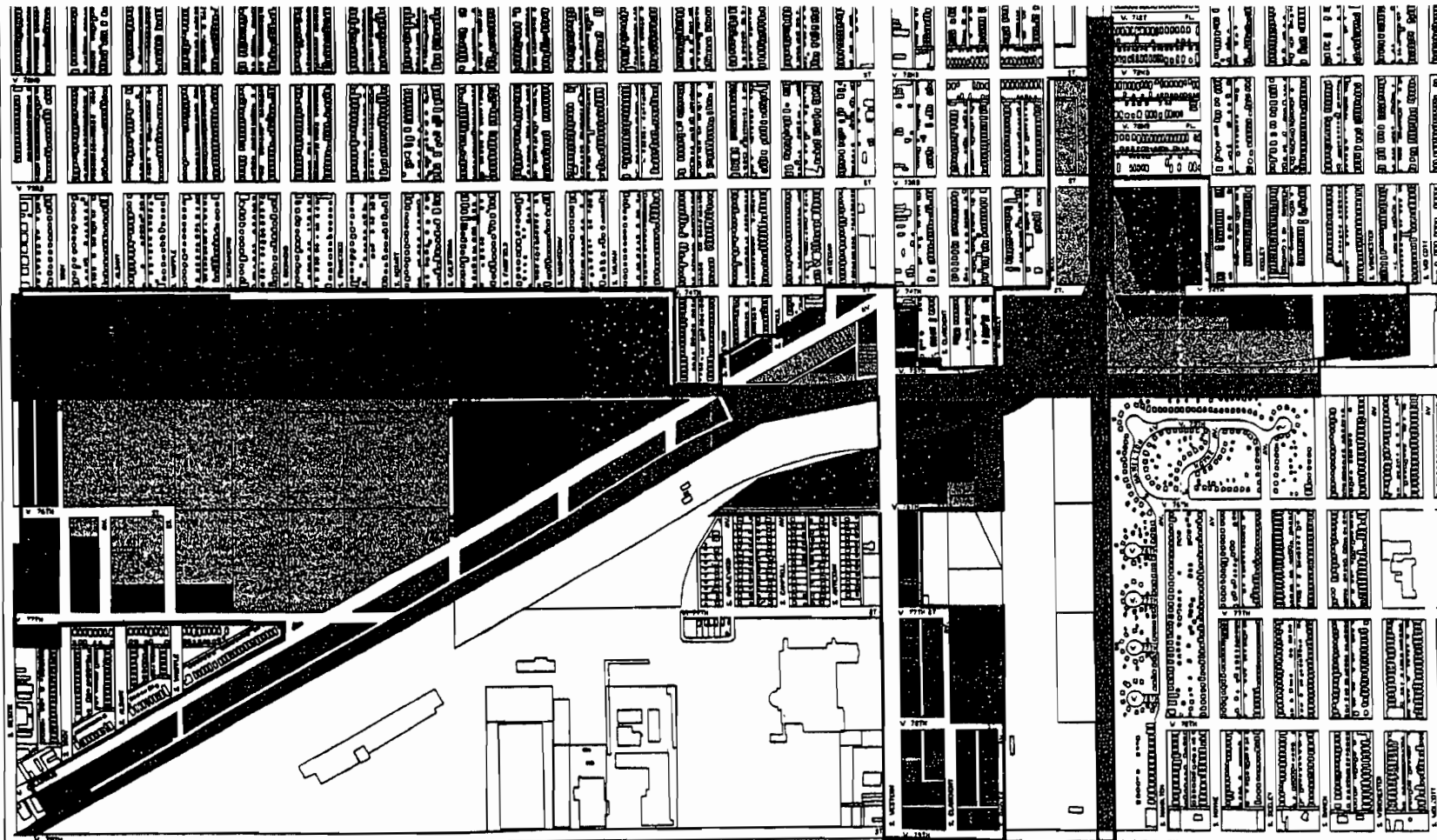


Figure C: Existing Land Use

- | | | | | | | | |
|--|------------|--|------------------------|--|----------|--|-------------|
| | Commercial | | Office | | Railroad | | Residential |
| | Industrial | | Institutional / Public | | Parking | | Vacant |

0 250' 500' 1000'
November 9, 1998

TESKA
ASSOCIATES
INC.
10000 W. 10th Ave., Suite 100
Denver, CO 80231
303.751.1000



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

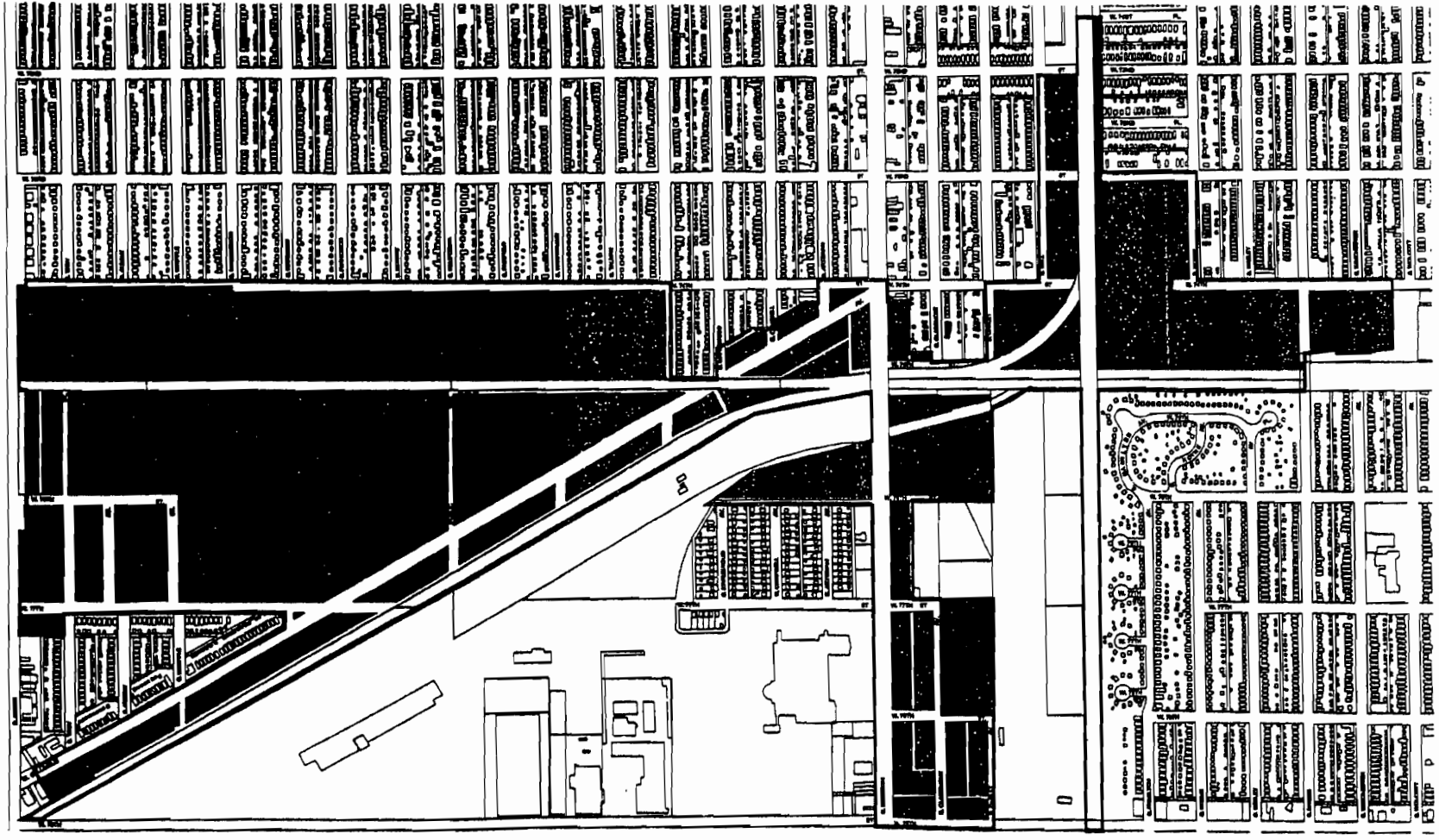


Figure D: Future Land Use Plan

- Redevelopment Area Boundary
- Industrial / Commercial
- Open Space
- Industrial
- Institutional / Industrial

0 250' 500' 1000'
November 9, 1998

TESKA ASSOCIATES INC.
10000 West 10th Avenue, Suite 100
 Denver, Colorado 80231
 Phone: 303.755.1000
 Fax: 303.755.1001



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



Figure E: Redevelopment Opportunities

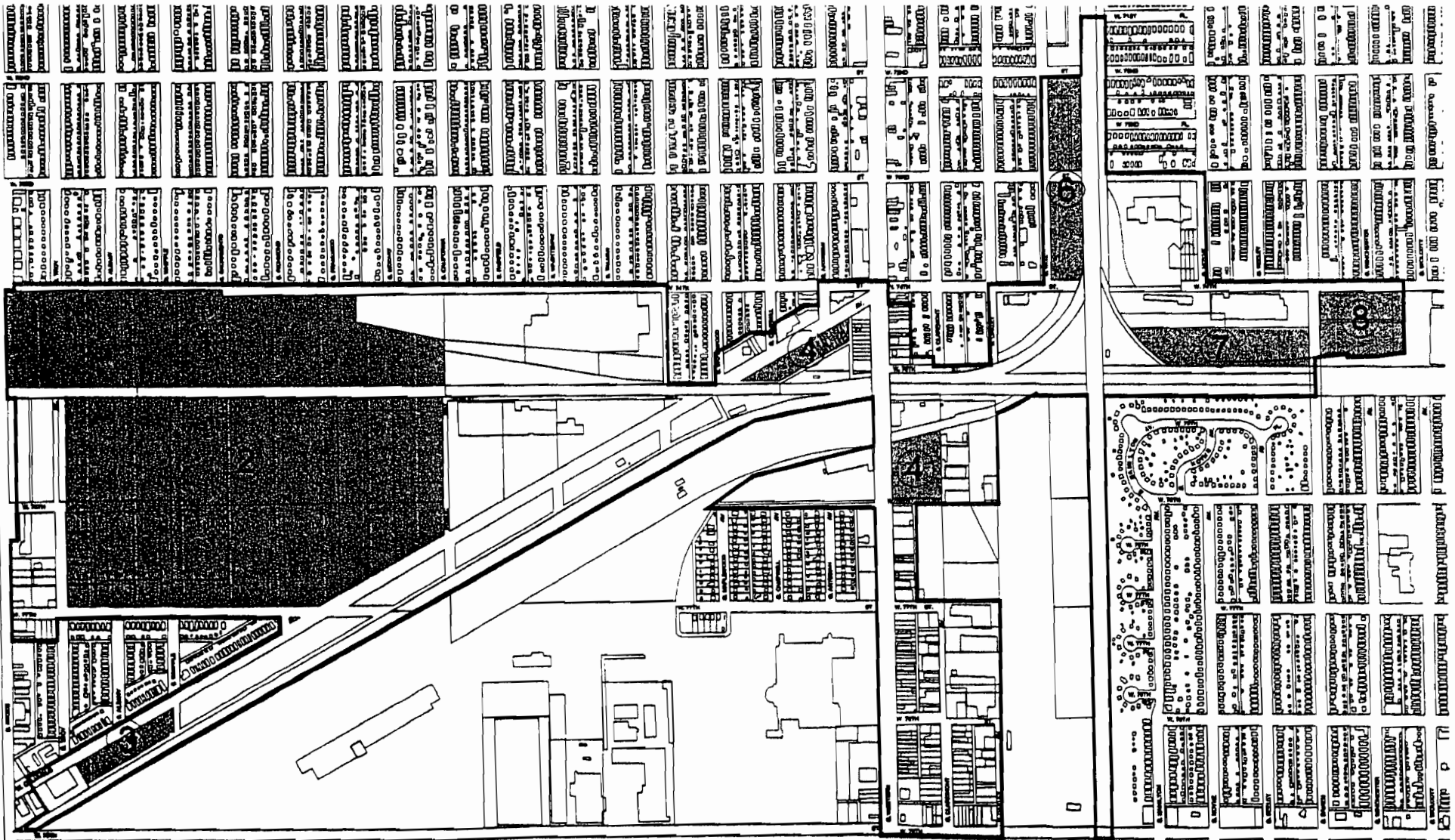
0 250' 500' 1000'

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— Redevelopment Area Boundary

█ Redevelopment Opportunities



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

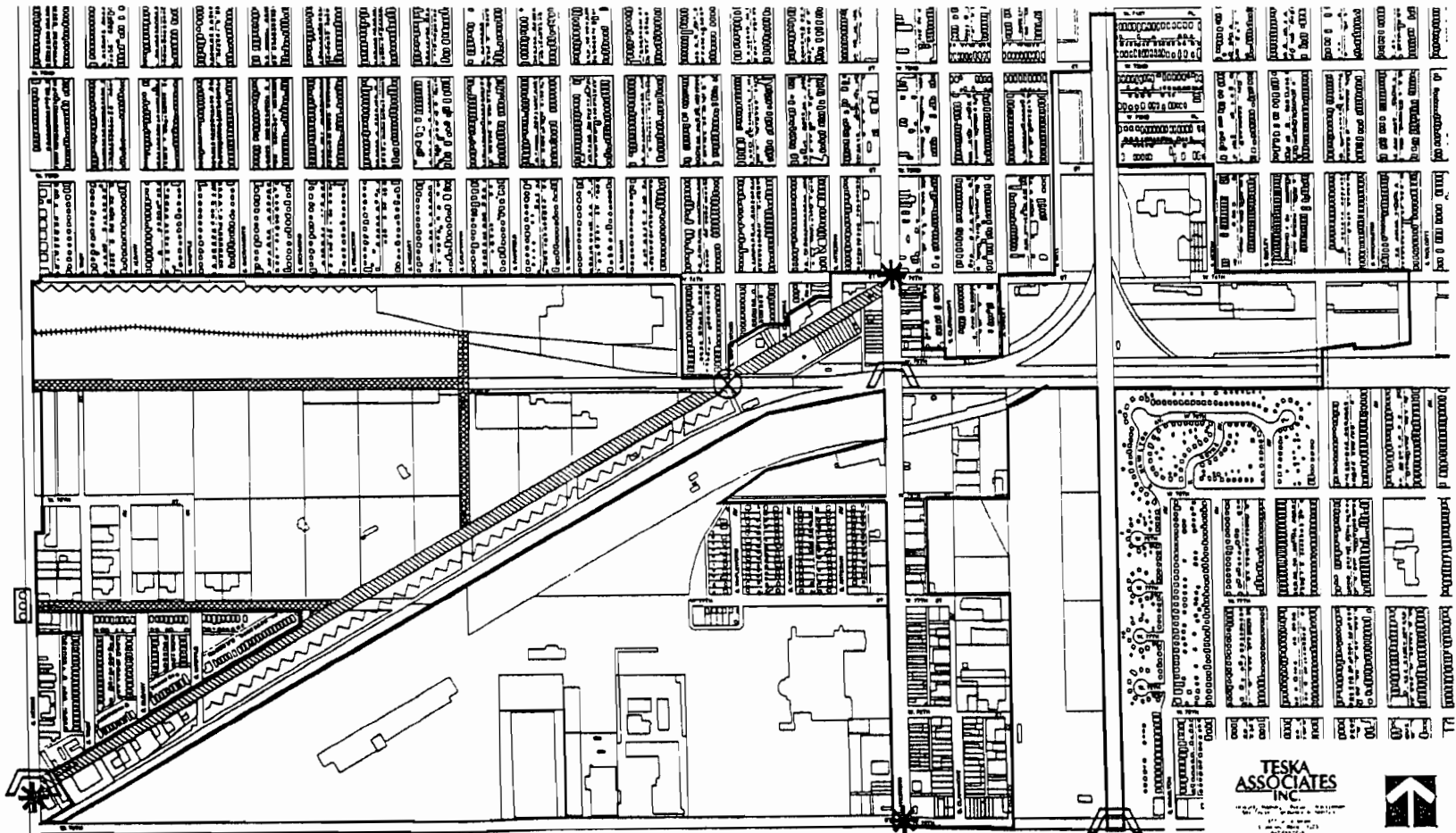
Figure F: Public Improvements

0 250' 500' 1000'

November 9, 1998

— Redevelopment Area Boundary

- * Gateway Features
- ⌒ Raise Viaduct
- ⊕ Consolidate & Realign Tracks
- ~ Landscape Buffer
- ⊗ Proposed Street Extension or Improvement
- ⊗ Improve RR Crossing
- TL Traffic Light
- ▨ Streetscape



TESKA ASSOCIATES INC.

GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



Figure G: Acquisition Map

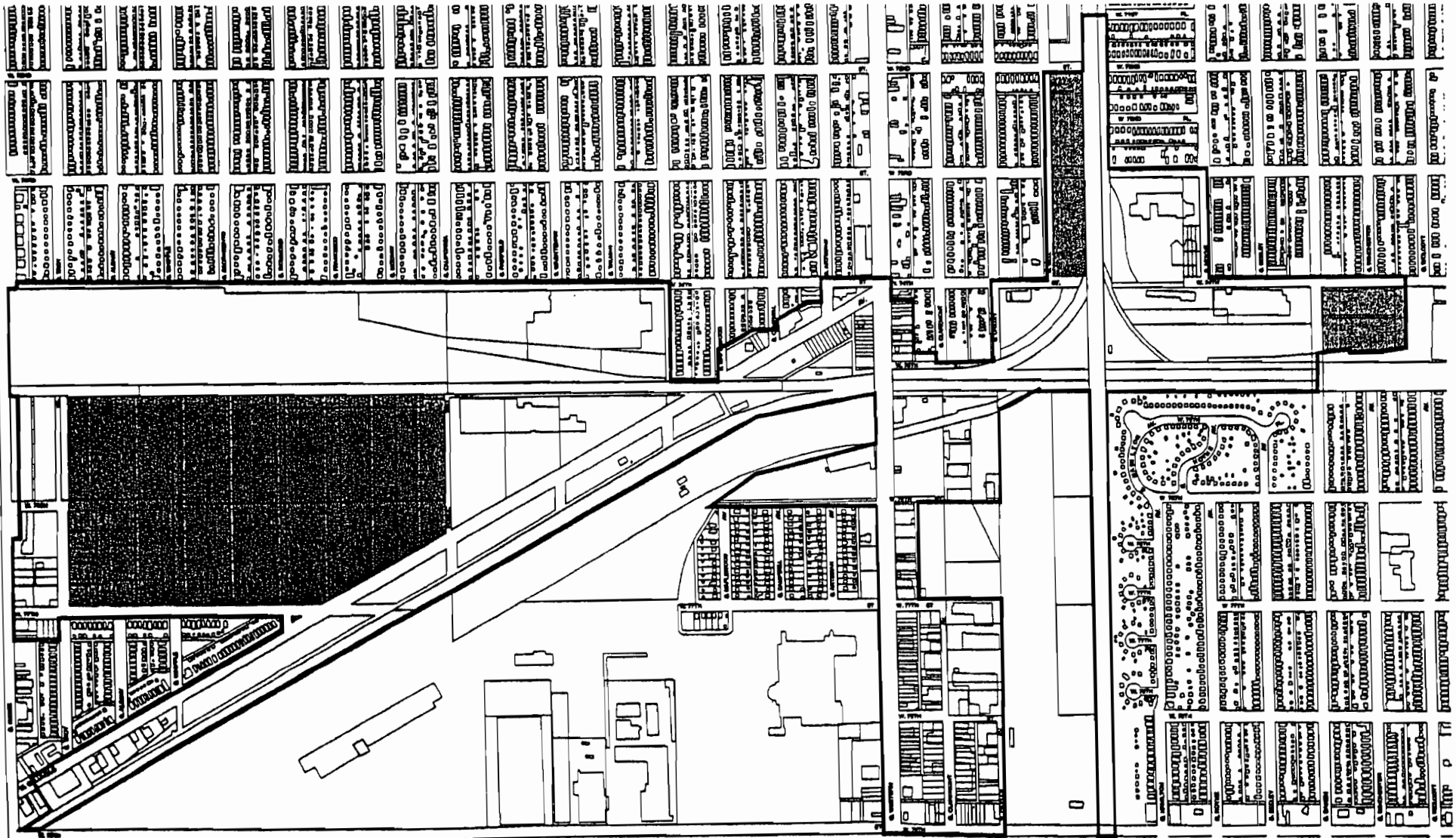
— Redevelopment Area Boundary

■ Properties authorized to be acquired by city

0 250' 500' 1000'

November 9, 1998

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11111 17th Street, Suite 100
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303.733.1111



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



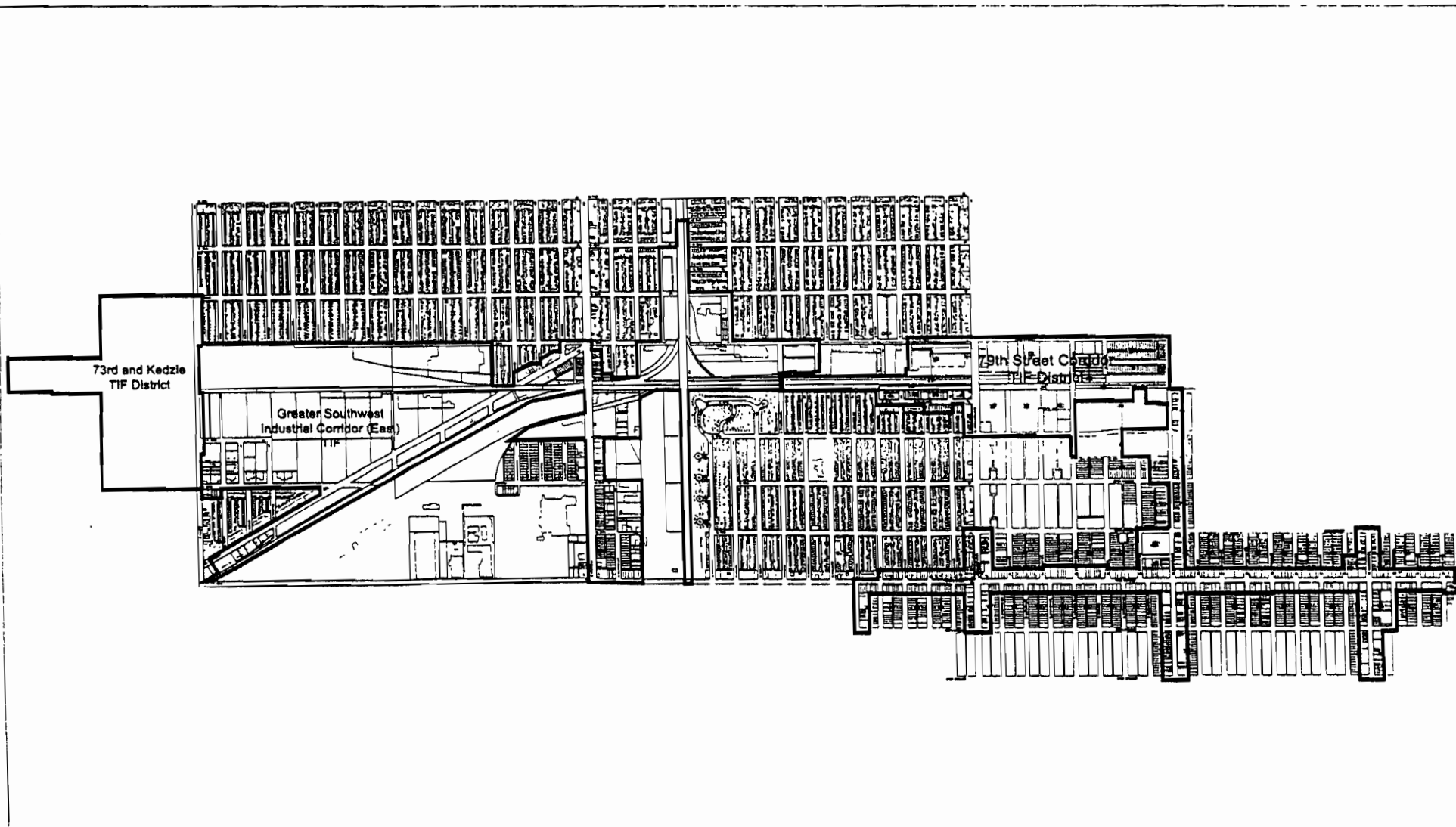
Figure H: Map of Adjacent TIF Districts

— Redevelopment Area Boundary

0 550' 1100' 2200'

November 6, 1998

TESKA
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INC.



APPENDIX

GREATER SOUTHWEST
INDUSTRIAL CORRIDOR (EAST)
REDEVELOPMENT PROJECT
AND PLAN:
ELIGIBILITY STUDY

Introduction

The Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11 - 74.4 - 1, et seq. (1996 State Bar Edition), as amended (the "Act"), stipulates specific procedures which must be adhered to in designating a Project Area. A redevelopment project area is defined as:

"...an area designated by the municipality, which is not less in the aggregate than 1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area, or a blighted area, or a conservation area, or a combination of both blighted areas and conservation areas" (65 ILCS 5/11-74.4-3(p)).

Section 5/11-74.4-3(a) defines a "blighted area" as:

"...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 use or layout; depreciation of physical maintenance; 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; flooding on all or part of such vacant 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 its designation, is subject to chronic flooding which adversely impacts on real property in the area and such flooding is substantially caused by one or more improvements in or in proximity to the area which improvements have been in existence for at least 5 years, 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 this 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."

Determination of eligibility of the Greater Southwest Industrial Corridor (East) Project Area (the "Project Area") for tax increment financing is based on a comparison of data gathered through field observation, document and archival research, and information provided by Cook County and the City of Chicago (the "City") against the eligibility criteria set forth in the Act. The eligibility criteria identified as part of the Act are the basis for the evaluation, which incorporates the definitions prepared by the Illinois Department of Revenue in its 1988 TIF Guide, as revised April 6, 1989.

Testka Associates, Inc. has prepared this report with the understanding that the City would rely on: (i) the findings and conclusions of this report in proceeding with the designation of the Project Area as a Project

Area under the Act; and (ii) the fact Teska Associates, Inc. has obtained the necessary information to conclude that the Project Area can be designated as a Project Area as defined by the Act

The Project Area is eligible for designation as a "blighted area" based on the predominance and extent of parcels exhibiting the following characteristics: **age, deterioration, depreciation of physical maintenance, obsolescence, structures below minimum code standards, excessive vacancies, and deleterious land use and layout.** Under the Act, at least five of 14 listed blighted area factors must be present in and reasonably distributed throughout the Project Area for it to be considered an improved blighted area. The Project Area is characterized by seven of the blighted area factors to a significant extent, and these factors are distributed throughout the Project Area. In addition, **deterioration of structures or site improvements on neighboring areas adjacent to vacant land, obsolete platting, and unused disposal sites on vacant parcels** contribute to the need to designate the area as a blighted district. All of these factors contribute significantly towards the decline of the Project Area as a whole.

Description of the Project Area

The boundaries of the Project Area were carefully established to include those parcels which will substantially benefit from the proposed redevelopment project improvements and Redevelopment Plan. The Project Area consists of approximately 320 acres, on 48 legal blocks (or portions thereof) and portions of several railroad rights-of-way. The study area includes the area between W. 74th Street and W. 77th Street, between Kedzie and Roxwell, the southeast side of S. Columbus between S. Western and S. Kedzie, the majority of the properties on and around S. Western between W. 74th and W. 79th, and several blocks north of the Wabash Railroad between S. Oakley and S. Wolcott. Figure 1 delineates the precise boundaries of the Project Area

The Project Area includes approximately 275 total parcels, of which 38 are vacant land, and 237 are improved with buildings, parking facilities, or other improvements. There are 115 buildings in the Project Area, many of which are associated with more than one parcel. The majority of the land uses in the area are industrial and transportation-related, although there are a few City and State of Illinois facilities, two schools, and some commercial uses along Western.

Eligibility Findings

TAI conducted a field survey of every property in the Project Area. Based on an inspection of the exteriors of buildings and grounds, field notes were taken which recorded the condition for each parcel. This survey occurred in September, 1998. Photographs further document the observed conditions. Additional research was conducted at the Cook County Treasurer's Office and the City Building Department regarding tax delinquency, building code violations, and building permits.

I. Improved Property

Improved property includes parcels which contain buildings, structures, paved parking, or other physical improvements. Improved parcels may include single parcels or multiple parcels under a single or common ownership. Landscaped yards, open space, public parks, or other accessory functions may also be classified as improved property for purposes of the eligibility analysis if they are an obvious part of adjacent buildings or are intended to remain permanently vacant.

Within the Project Area there are 237 parcels which are defined as improved. Forty-one of the 48 legal blocks within the Project Area contain at least one improved property. One hundred fifteen (115) of these improved lots contain buildings, while the other 122 contain parking lots, landscaping, outside storage, or portions of buildings on other lots. If five of the 14 blighting conditions enumerated below are found to be widespread among the improved parcels within the Project Area, then the Project Area will qualify as a blighted improved area.

Age of Buildings

The characteristic of age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures and exposure to the elements over a period of many years. As a rule, older buildings typically exhibit more problems than buildings constructed in later years because of longer periods of active usage (wear and tear) and the impact of time, temperature and moisture. Additionally, older buildings tend not to be well suited for modern-day uses because of contemporary space and development standards.

Based on the observed style and construction methods of the structures within the Project Area, 58% of the structures are determined to be in excess of 35 years old (see Figure 2). Sixty-seven out of a total of 115 buildings in the Project Area are more than 35 years old. Age is a major factor in the designation of the Project Area.

Dilapidation

Dilapidation refers to an advanced state of disrepair of buildings or improvements or the neglect of necessary repairs, causing the building or improvement to fall into a state of decay. At a minimum, dilapidated buildings should be those with critical defects in primary structural components (roof, bearing walls, floor structure, and foundation), building systems (heating, ventilation, lighting, and plumbing), and secondary structural components in such combination and extent that (i) major repair is required or; (ii) the defects are so serious and extensive that the buildings must be removed.

Currently, 5 buildings display the extreme physical state of dilapidation. In addition, between January, 1993 and August, 1998, 5 demolition permits were issued in the Project Area. These structures may have been in an advanced state of disrepair prior to demolition. While dilapidation is not a characteristic which significantly contributes to blight at the present time, the potential exists for dilapidation to increase in the absence of intervention by the City through the Redevelopment Project. Dilapidation is not a factor in the designation of the Project Area.

Deterioration

Deterioration refers to physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair.

Deterioration of Buildings

Buildings in a state of deterioration exhibit defects which are not easily correctable in the course of normal maintenance. Such buildings may be classified as deteriorating or in an advanced stage of deterioration, depending upon the degree or extent of defects. This would include buildings with major defects in the secondary building components (e.g., doors, windows, porches, gutters and

downspouts, fascia materials, etc), and major defects in primary building components (e.g., foundations, frames, roofs, etc), respectively

Deterioration of structures occurs in 40 of 115 buildings (35%), and is distributed on 16 of 48 blocks (33%). Such decay in the condition of buildings in the Project Area is indicative of widespread blight, making deterioration of buildings a major contributing factor toward the designation as a blighted area.

Deterioration of Surface Improvements

The conditions of roadways, alleys, curbs, gutters, sidewalks, off-street parking and surface storage areas may also evidence deterioration through surface cracking, crumbling, potholes, depressions, loose paving materials, and weeds protruding through the surface.

More than one in five of all parcels within the Project Area (57 of 275 parcels, or 21%) contain deteriorated surface improvements. The most widespread examples are cracking and broken pavement on both public roads and private driveways and parking areas. Overall, the widespread presence of deteriorated surface improvements, in both public and private locations, contributes to an overall blighted appearance in the entire Project Area.

Deterioration of buildings and surface improvements is a major factor in the designation of the Project Area as a blighted area (see [Figure 3](#)).

Depreciation of Physical Maintenance

This factor considers the effects of deferred maintenance and the lack of maintenance of buildings, improvements and grounds comprising the proposed redevelopment area. Evidence to show the presence of this factor in buildings may include, but is not limited to, the following: unpainted or unfinished surfaces; paint peeling; loose or missing materials; sagging or bowing walls, floors, roofs, and porches; cracks; broken windows; loose gutters and downspouts; and loose or missing shingles; and damaged building areas still in disrepair.

Signs of depreciation of maintenance are present throughout the entire Project Area. Nineteen out of 48 blocks (40%) in the Project Area contain one or more parcels which are characterized by this factor. In total, 69 of 115 structures (60%) within the Project Area contain buildings which show signs of depreciation of maintenance (see [Figure 4](#)). Such structures are in need of repair or maintenance in order to stem the decline towards a deteriorated condition. However, such maintenance and repairs have not taken place to any great extent. Since 1993, only 55 building permits have been issued for properties in the Project Area, as shown in [Table S-1](#):

*Table S-1. Building Permits in
Project Area, January 1993 to August 1998*

Type of Permit	Number Issued (January 1993 to August 1998)
demolition	5
erect	6
remodel	8
install	21
repair	6
plumbing/mechanical	8
revision of permit	1
Total	55

These 55 permits were distributed to 29 properties, meaning that the limited activity that has occurred is undertaken by only a few property owners. In fact, twelve of the fifty-five permits were for the Kraft Foods property alone. Further, five permits were actually to demolish structures and one was merely a revision of a previous permit. In sum, the area has been characterized by a lack of maintenance. Given the prevalence of this characteristic throughout the Project Area, this factor contributes significantly to the designation of the entire Project Area as a blighted area. Depreciation of physical maintenance is a major factor in the designation of the Project Area.

Obsolescence

According to Illinois Department of Revenue definitions, an obsolete building or improvement is one which is becoming obsolete or going out of use - not entirely disused, but gradually becoming so. Thus, obsolescence is the condition or process of falling into disuse.

Obsolescence, as a factor, should be based upon the documented presence and reasonable distribution of buildings and other site improvements evidencing such obsolescence. Examples include the following sub-categories:

Functional Obsolescence

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

Approximately 8 of 115 buildings in the Project Area (7%), display characteristics of functional obsolescence. Vacated industrial buildings which no longer conform to modern standards for industry are the most frequent occurrence.

Obsolete Site Improvements

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of this obsolescence may include inadequate utility capacities, outdated designs, etc.

This characteristic is apparent on 14 of 237 improved parcels in the Project Area. While the number of parcels affected by this factor may be small, the extent is large in terms of acreage. Approximately 45.1 of 320 acres (14%) in the Project Area contain obsolete site improvements. The vacated 35 acre drive-in theater at Columbus and 77th is the most visible, dominant occurrence, caused by the evolution of movie-going which has rendered the drive-in style of theater obsolete. The centrality and size of the theater area makes its obsolescence very damaging to the character and appearance of the entire Project Area.

Obsolete Platting

Obsolete platting would include parcels of limited or narrow size and configuration or parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements. Platting that created inadequate right-of-way widths for streets, alleys and other public rights-of-way or which omitted easements for public utilities, should also be considered obsolete.

Obsolete site platting occurs on 38 of 275 parcels (14%). The block immediately west of the Kraft factory and the blocks west of the drive-in theater have inadequate access. The parcels in the block bounded by Columbus, Western, and the railroad right-of-way are all of limited width as compared to the needs of modern development.

Overall, parcels in the Project Area show a significant degree of obsolescence. Sixty (60) of 275 parcels (22%) display at least one form of obsolescence, and this factor is distributed over 21 of 48 blocks (44%) in the Project Area (see [Figure 5](#)). Obsolescence is a major factor in the designation of the Project Area.

Illegal Use of Individual Structures

This factor applies to the use of structures in violation of applicable national, state, or local laws, and not to legal, nonconforming uses. Examples of illegal uses may include, but not be limited to the following:

- Illegal home occupations;
- Conduct of any illegal vice activities such as gambling, drug manufacture or dealing, prostitution, sale and/or consumption of alcohol by minors,

- Uses not in conformance with local zoning codes and not previously grandfathered in as legal nonconforming uses,
- Uses in violation of national, state or local environmental and occupational safety and health regulations;
- Uses involving manufacture, sale, storage or use of dangerous explosives and firearms.

The exterior field survey conducted by Teska Associates found one structure with an illegal use. For the Project Area as a whole, illegal uses do not significantly contribute to blight. Illegal uses are not a major factor in the designation of the Project Area

Presence of Structures Below Minimum Code Standards

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

Information from the City of Chicago building department indicates that since 1993, 49 of 115 buildings (43%) in the Project Area have been cited in violation of City codes (see [Figure 6](#)). Such violations are hazardous to the health and safety of workers and residents and are further evidence of the lack of physical maintenance in the Project Area. The excessive number of violations of City codes indicates that the presence of structures below minimum code standards is a major factor in the designation of the Project Area.

Excessive Vacancies

Establishing the presence of this factor requires the identification, documentation, and mapping of the presence of vacant buildings and vacant portions of buildings. Excessive vacancy refers to the presence of buildings which are unoccupied or underutilized and which represent an adverse influence on the area because of the frequency, extent, or duration of such vacancies. It includes properties which evidence no apparent effort directed toward their occupancy or utilization and vacancies within buildings.

Fifteen of 115 buildings (13%) on 11 blocks are vacant or partially vacant (see [Figure 7](#)). While the number of vacant structures may be limited, the most important are industrial properties of great size and visibility. Further, these large structures, located on sizable parcels, tend to exhibit deterioration of both the structure and the site improvements. Such deterioration, in combination with vacancies, has a detrimental effect upon the surrounding properties. The amount and distribution of structural vacancies significantly contributes to the blighted character of the Project Area as a whole. Excessive vacancies is a major factor in the designation of the Project Area

Overcrowding of Structures and Community Facilities

Overcrowding of structures refers to the overutilization of private or public structures beyond a reasonable or safe capacity. Conversions from one use to another are the typical cause. One structure in the Project Area exhibits visible overcrowding. Overcrowding is not a major factor in the designation of the Project Area.

Lack of Ventilation, Light, or Sanitary Facilities

Many older structures fail to provide adequate ventilation, light or sanitary facilities as required by local building or housing codes. This is also a characteristic often found in illegal or improper building conversions. The criterion used for determining the presence of this factor can be found in local codes and ordinances, or in locally adopted national codes such as the Uniform Building Code, Building Officials Code of America (BOCA), and the Model Housing Code of the American Public Health Association (APHA). Lack of ventilation, light, or sanitary facilities is presumed to adversely affect the health and building occupants, e.g., residents, employees, or visitors.

Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in spaces/rooms without windows, i.e., bathrooms, and dust, odor or smoke-producing activity areas;
- Adequate natural light and ventilation by means of skylights or windows for interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios;
- Adequate sanitary facilities, i.e., garbage storage/enclosure, bathroom facilities, hot water, and kitchens; and
- Adequate ingress and egress to and from all rooms and units.

Seven of 115 buildings (6%) contain structures which display a lack of adequate light and ventilation. The most frequent occurrence is buildings with blocked or no windows. While this characteristic needs to be addressed for individual structures, this factor does not significantly contribute to blighting conditions within the Project Area as a whole. Lack of ventilation, light, or sanitary facilities is not a major factor in the designation of the Project Area.

Inadequate Utilities

This factor relates to all underground and overhead utilities, including, but not limited to, storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone and electric service which may be shown to be inadequate. Inadequate utilities would include those which are: (i) of insufficient capacity to serve the uses in the redevelopment project and surrounding areas; and (ii) deteriorated, antiquated, obsolete, or in disrepair or are lacking.

While the condition of inadequate utilities has not been documented as part of the surveys and analyses undertaken within the Project Area, existing utilities may need to be relocated or upgraded to adequately serve new development. Inadequate utilities is not a major factor in the designation of the Project Area.

Excessive Land Coverage

This factor may be documented by showing all instances where building coverage is excessive. Zoning ordinances commonly contain standards for residential, commercial, and industrial properties which relate floor area to lot area. In residential districts a lower ratio is usually required. Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety, and multiple buildings on a single parcel. The resulting inadequate conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage conditions are presumed to have an adverse or blighting effect on nearby development. This characteristic is viewed relative to its urban context, common practice, and contemporary development standards.

Thirty of 275 parcels (11%) exhibit excessive site coverage, where the structure and other improvements occupied the entire site. While problematic for the individual parcels, the presence of excessive coverage does not make a significant contribution to the designation of the Project Area. Excessive land coverage is not a major factor in the designation of the Project Area.

Deleterious Land Use or Layout

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

Deleterious land use or layout is found on 26 of 275 parcels (9%), and distributed on 18 blocks (see [Figure 8](#)). In terms of area, parcels with deleterious land use or layouts cover an area of 68.7 acres (21% of the total 320 acres). Illegal dumping on vacant parcels is a major concern. Other individual parcels contain insufficient loading or parking areas, or environmentally hazardous materials associated with auto repair or roofing companies. The use or layout of these parcels is a blighting factor upon adjacent properties throughout the Project Area, and makes a significant contribution to the classification of the Project Area as a blighted area. Deleterious land use and layout is a major factor in the designation of the Project Area.

Lack of Community Planning

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

Eighteen parcels are developed in a manner which contradicts modern planning principles, generally as a result of incompatible land use relationships or parcels of inadequate size, shape, or accessibility. However, most of these parcels are also characterized by deleterious land uses or layouts, or code violations, so that lack of community planning itself does not make a significant contribution toward

designation. While the initial development of the Project Area in the late 19th and early 20th centuries did not proceed under the guidance of a comprehensive plan, there is a concerted planning effort directed towards the redevelopment of the area today. Lack of planning is not a major factor in the designation of the Project Area

II. Vacant Land

Under the Act, vacant land means any parcel or combination of parcels of real properties without industrial, commercial or residential buildings, which has not been used for commercial agricultural purposes within five years prior to the designation of the Project Area, unless such parcel is included in an Industrial Park blighted area or such parcel has (or parcels have) been subdivided. The Project Area contains 38 of 275 parcels (14 percent), covering an area of 77.56 acres (24% of the Project Area), which are vacant. These parcels are distributed throughout the Project Area.

If the property is vacant, a combination of two or more of the following factors qualifies the area as blighted:

- Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land
- Diversity of ownership of vacant land
- Flooding on all or part of such vacant land
- Obsolete platting of vacant land
- Tax or special assessment delinquencies on such land

Furthermore, a vacant area qualifies as blighted when 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

Deterioration of Structures or Site Improvements in Neighboring Areas

If a vacant area is adjacent to an improved area which evidences deterioration of structures or site improvements within the guidelines set forth for deterioration of a "blighted area," this factor may be found to be present

As discussed previously, the improved parcels in the Project Area are characterized by deterioration to a great extent. Throughout the Project Area, 35 percent of the structures and 21 percent of parcels with site improvements are deteriorated, which reinforces the blighted condition of adjacent vacant parcels.

Obsolete Platting of Vacant Land

Obsolete platting of vacant land would include parcels of limited or narrow size and configuration or parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements

Of 38 vacant parcels in the Project Area, 23 (66 percent) are characterized by obsolete platting. The most important occurrence of this factor is the group of vacant blocks to the west of the drive-in theater. These blocks have inadequate access as compared to contemporary standards. The block bounded by Columbus, Western, and the railroad right-of-way is composed of numerous parcels which are very narrow with respect to modern development needs.

Area Consists of Unused Disposal Site

In order to qualify under this classification, the presence of an unused disposal site containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites, must be documented. One major unused disposal site is contained in the Project Area, south of the railway between the drive-in theater site and Kedzie. This area, of approximately 2.39 acres (31% of all vacant land), was the subject of illegal dumping for a number of years. The dumping, discovered and halted by the City of Chicago within the past few years, consisted of construction debris and similar material.

The vacant parcels in the Project Area meet the criteria for blight based on meeting two of the five characteristics enumerated above, and as an unused disposal site.

Conclusion

The Project Area as a whole qualifies as a blighted area according to the criteria established by the Act, based on the predominance and extent of parcels exhibiting the following characteristics:

1. Age
2. Deterioration of buildings and site improvements
3. Depreciation of physical maintenance
4. Obsolescence
5. Structures below minimum code standards
6. Excessive vacancies
7. Deleterious land uses or layouts

Each of these factors contributes significantly to the eligibility of the Project Area as a blighted area. Thirty-seven of the 48 blocks (77%) within the Project Area contain parcels with one or more factors as defined by the criteria established for blighted areas within the Act. Of the 275 parcels within the Project Area, 155 (56%) exhibit one or more factors (see Table S-2).

In addition, the vacant parcels also qualify the Project Area as a blighted area according to the criteria established by the State of Illinois based on the predominance and extent of vacant parcels exhibiting the following characteristics:

1. Deterioration of structures or site improvements in neighboring areas
2. Obsolete platting of vacant land
3. Area consists of unused disposal site

All of these characteristics point to the need for designation of the Project Area as a blighted area, to be followed by public intervention in order that redevelopment might occur.

Southwest Corridor East TIF Eligibility Study
 Table S-2 - Summary of Eligibility Factors
 Surveyed 9/02 and 9/03, 1998

Number of Parcels Displaying Characteristic as % of Buildings	Building Condition		Obsolescence	
	Count	%	Count	%
Age Over 35 Years	67	59%		
Deteriorated Surface Improvements	57	21%		
Dilapidation	5	4%	4	8%
Deterioration	40	35%	15	33%
Depreciation of Phys. Main	69	60%	15	40%
Functional Obsolescence	8	7%	5	13%
Obsolete Site Improvements	14	5%	10	21%
Obsolete Platting	38	14%	7	15%
Contains at Least One Obs. Char	50	22%	27	42%
Illegal Use	1	1%	1	2%
Below Code	49	43%	23	48%
Vacancy in Building	15	13%	11	23%
Overcrowded	1	1%	1	2%
Lack of Ventilation/Sanitary	4	5%	6	13%
Inadequate Utilities	0	0%	0	0%
Excessive Coverage	30	11%	17	35%
Deleterious Use/Layout	26	9%	15	28%
Lack of Planning	18	7%	14	29%
Tax Delinquent	0	0%	0	0%
Permit for Demolition (1993 to 1998)	1	1%	0	0%
Vacant and Obsolete Platting	23	10%	5	10%
Parcel Contains 1 or More Defects	110	52%	39	51%
Number of Parcels	275		48	17%
Number of Vacant Lots	36	14%	12	25%
Number of Buildings	115	42%	35	75%

GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



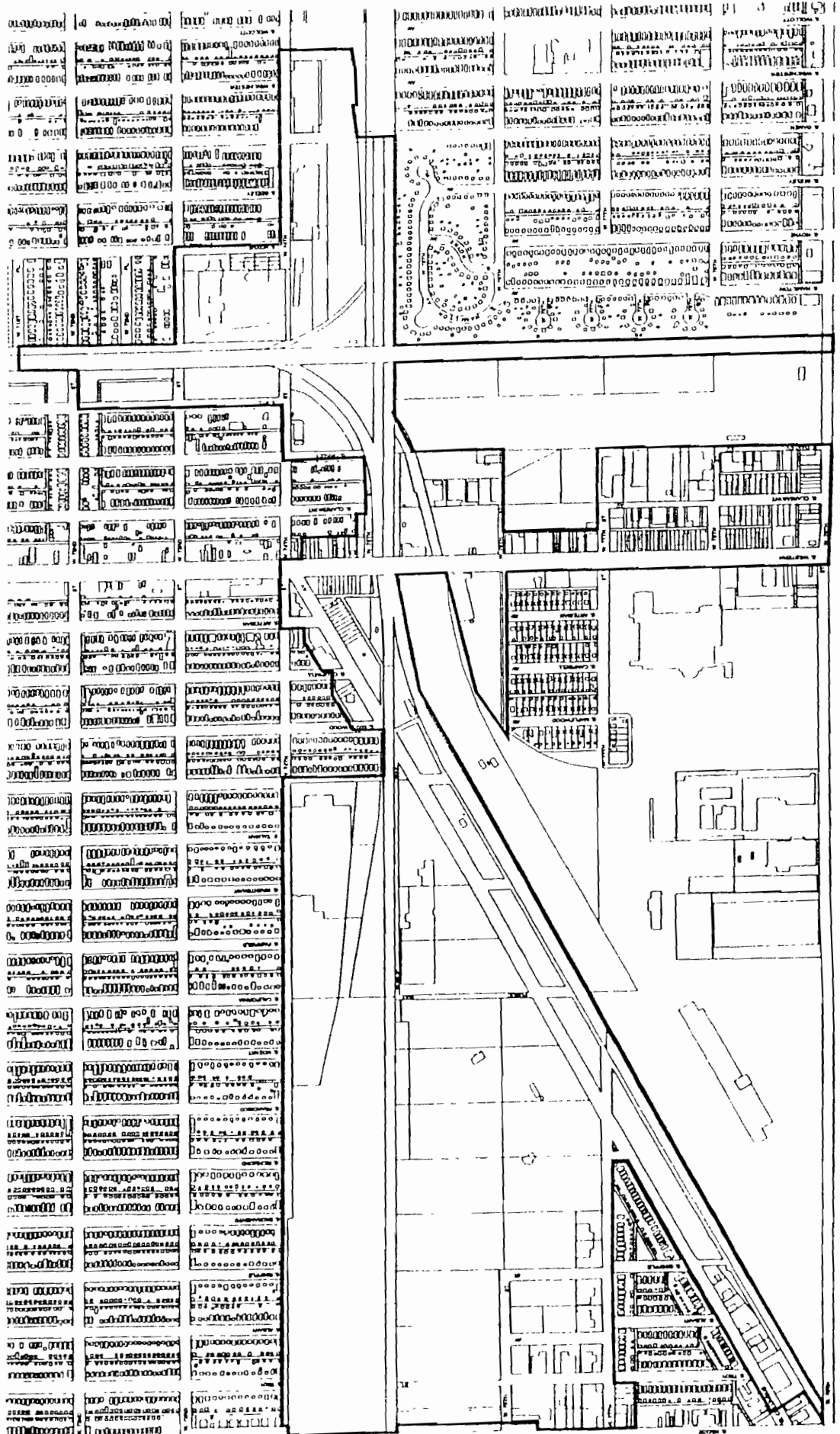
Figure 1: Project Area Boundary

— Redevelopment Area Boundary

0 250' 500' 1000'

November 9, 1998

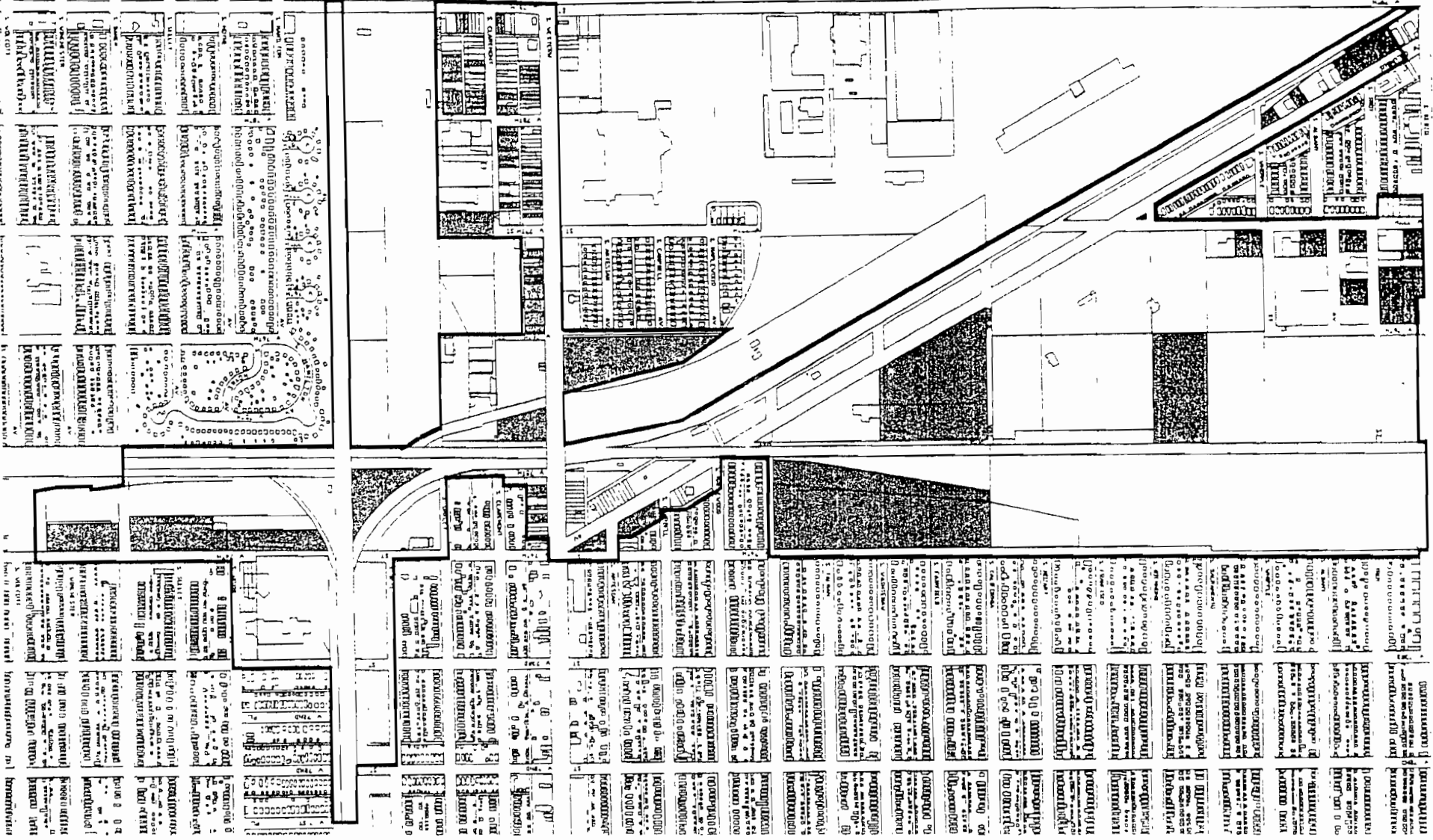
TESKA
ASSOCIATES
INC.



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

Figure 2: Age

Age



0 250' 500' 1000'

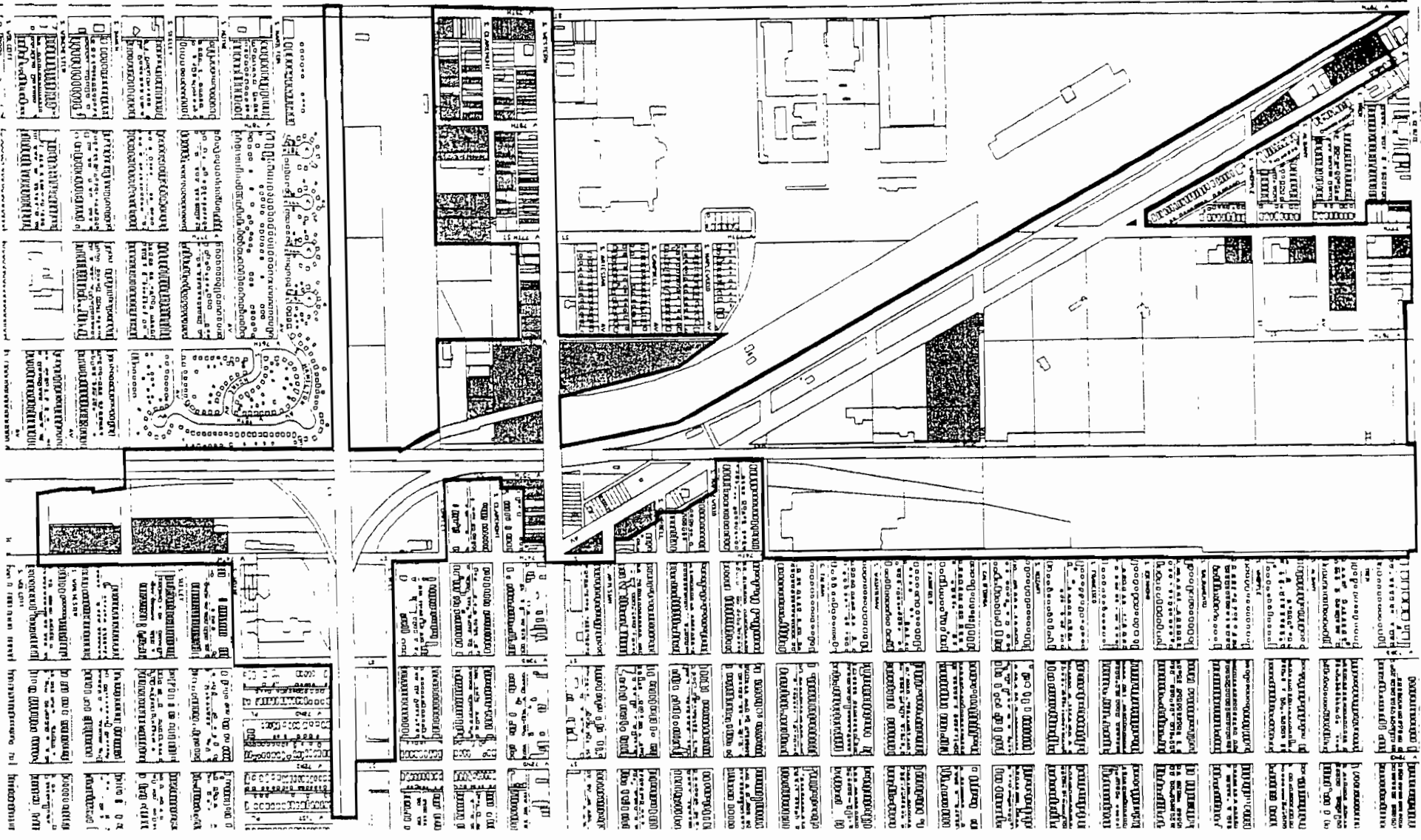
November 9, 1998



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GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

Figure 4: Depreciation of Physical Maintenance



Depreciation

0 250' 500' 1000'

November 9, 1998

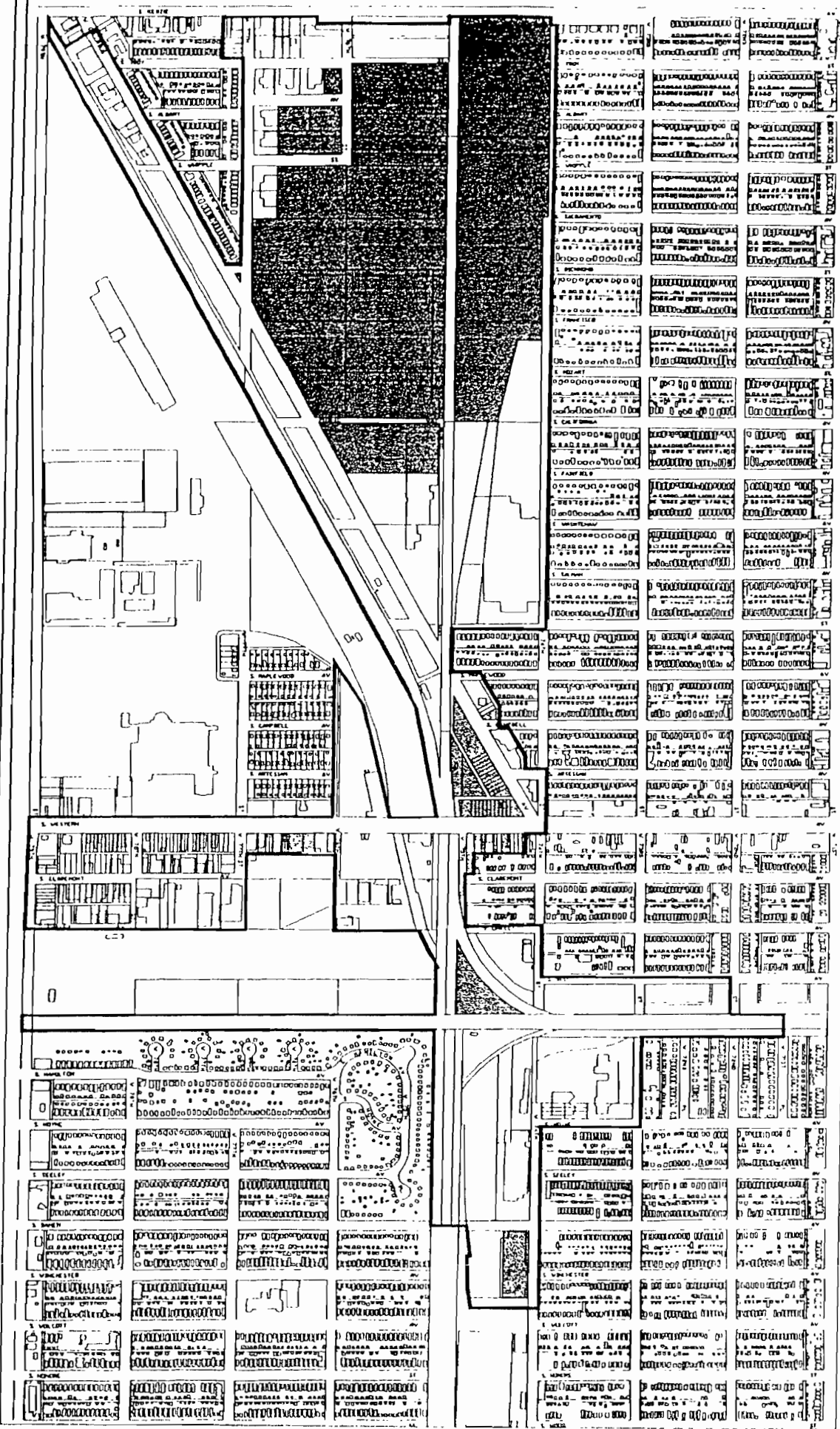
TSKA ASSOCIATES INC.



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

Figure 5: Obsolescence

Obsolescence



0 250' 500' 1000'
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GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

Figure 6: Below Code

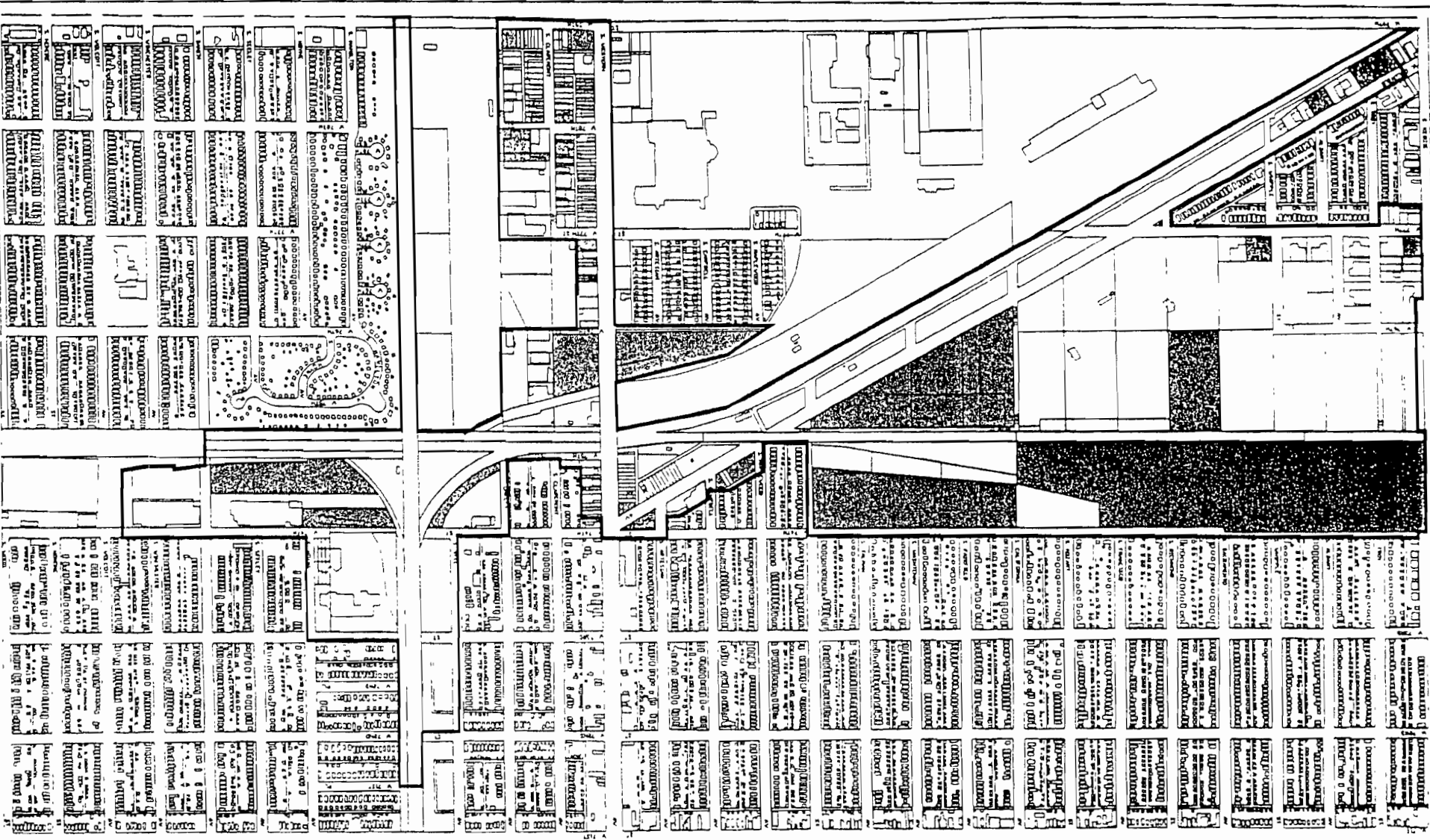
Below Code

0 250' 500' 1000'

November 23, 1998

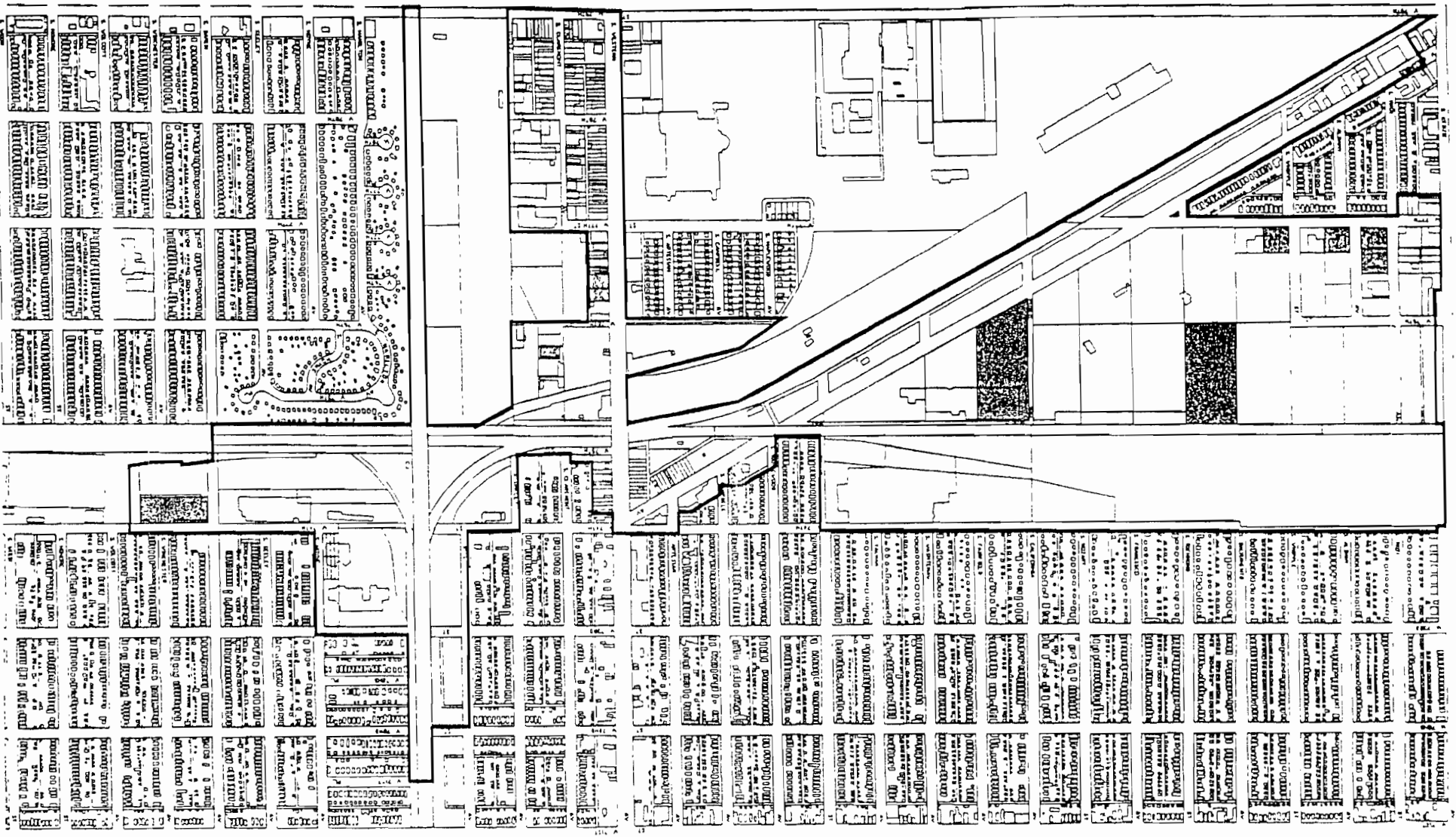


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ASSOCIATES
INC.



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

Figure 7: Excessive Vacancies
 Vacancies



0 250 500' 1000'
 November 23, 1998



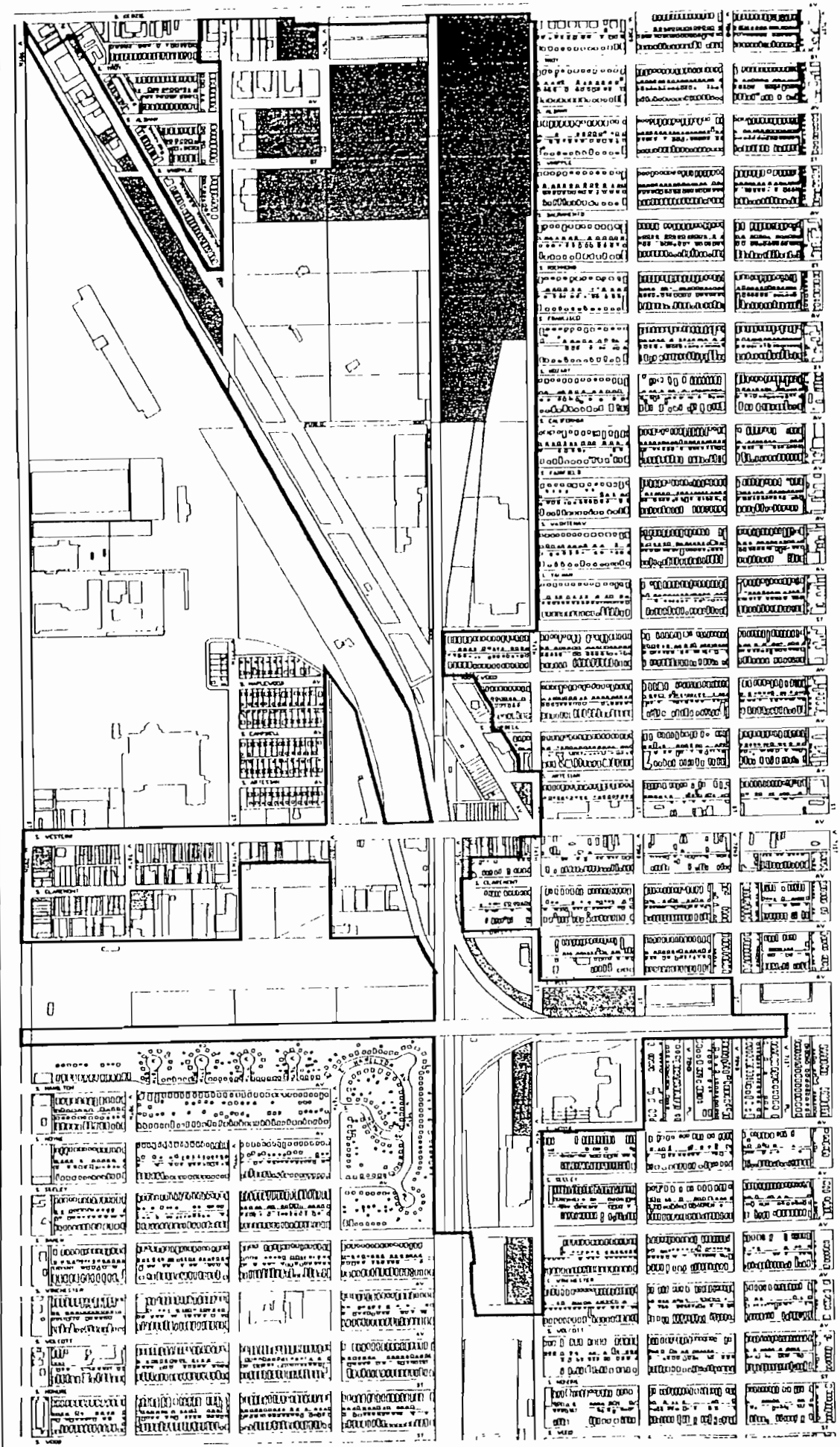
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

Figure 8: Deleterious Land Use or Layout

Deleterious Land Use

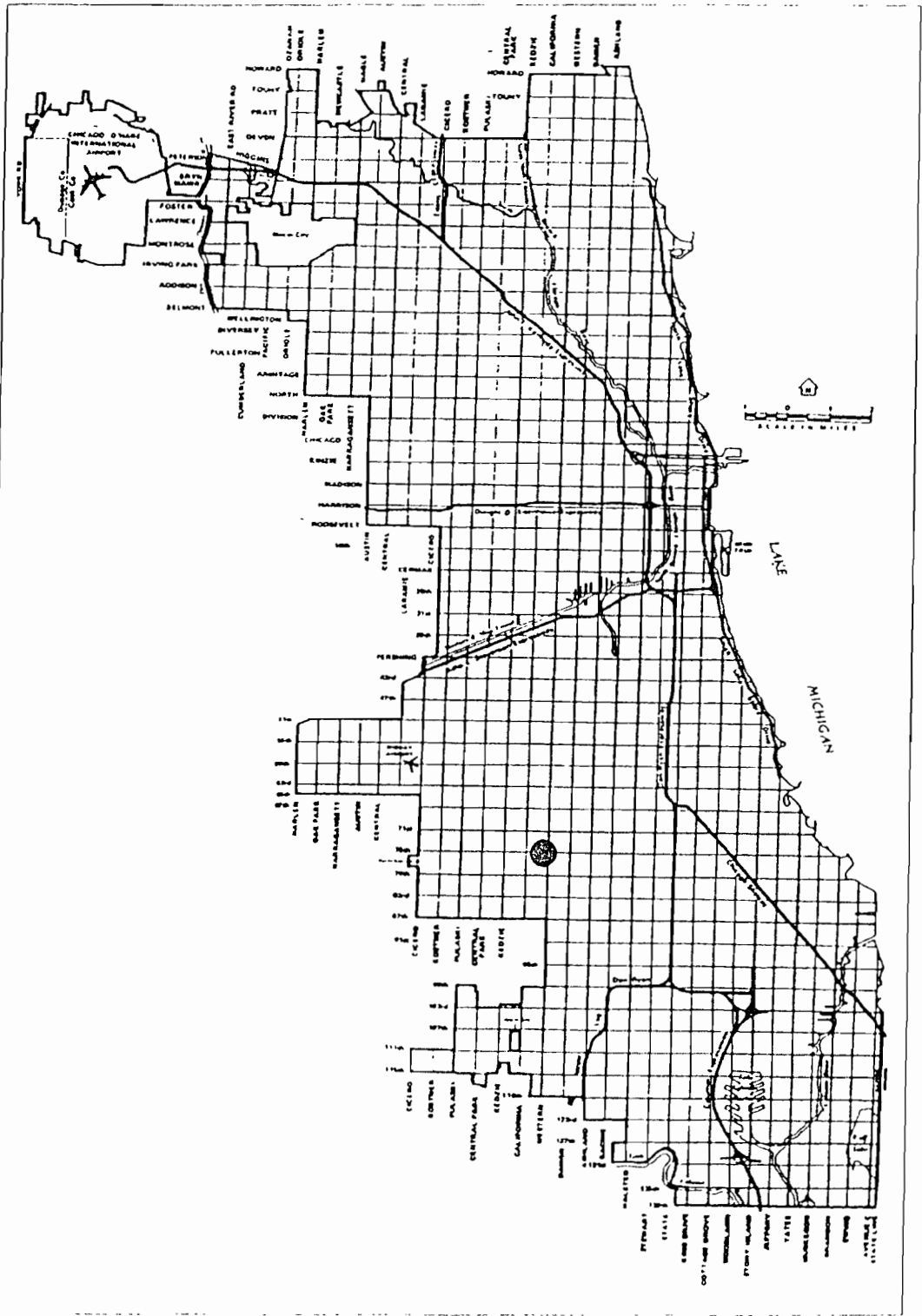
0 250' 500' 1000'
November 23, 1998

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GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

Figure A: Location Map



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

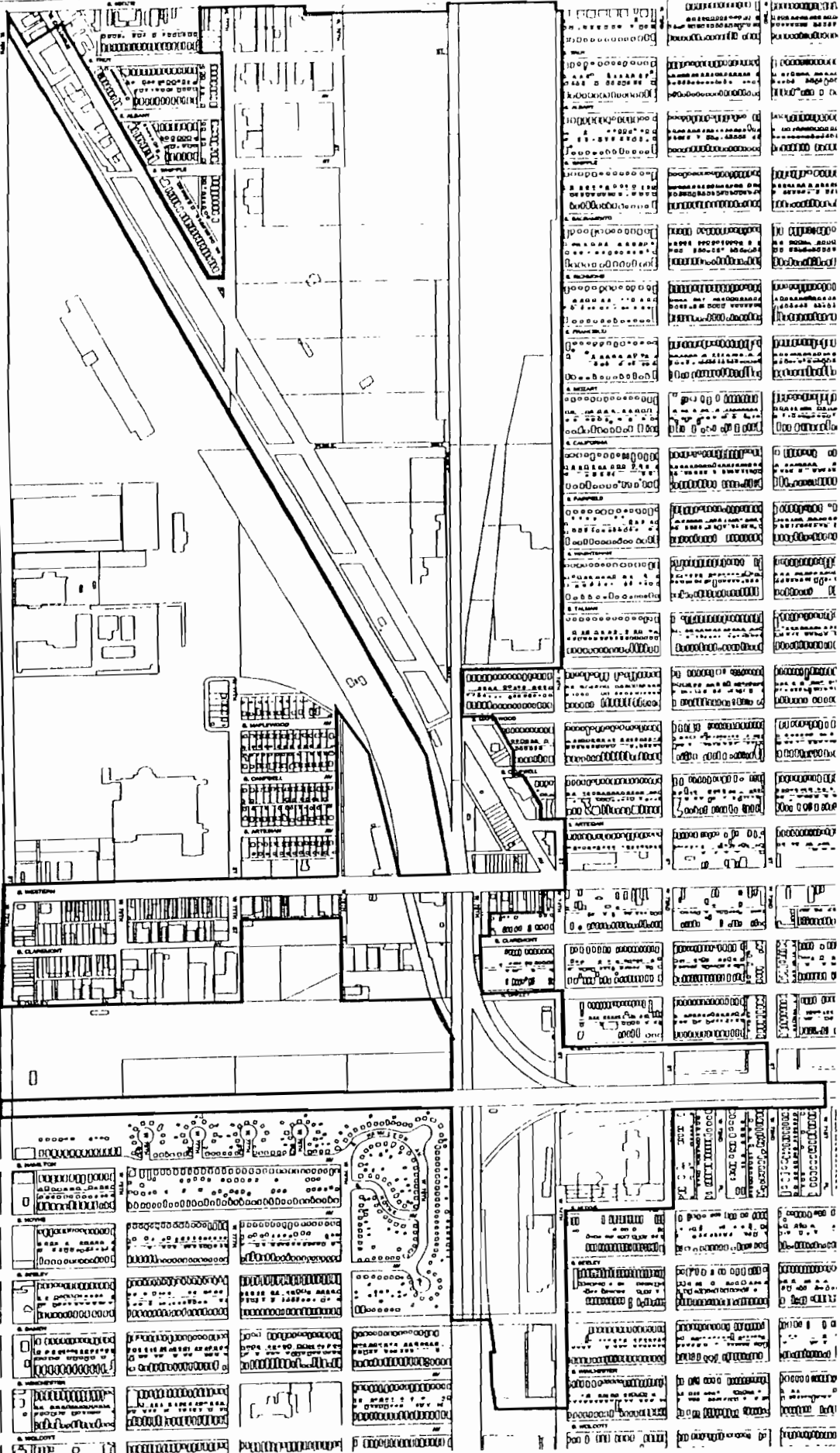


Figure B: Project Area Boundary
Redevelopment Area Boundary

0 250' 500' 1000'

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GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



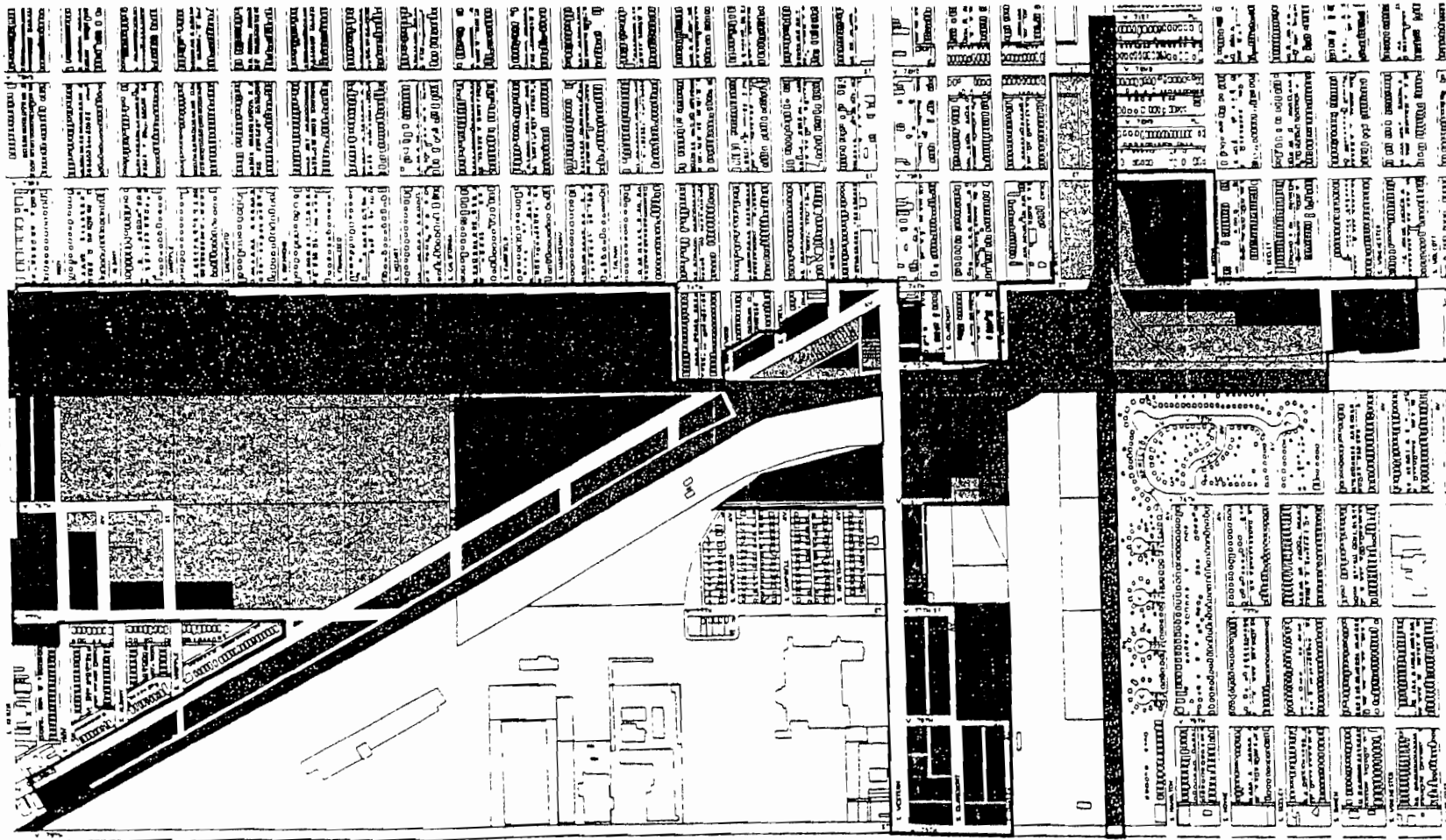
Figure C: Existing Land Use

- Commercial
- Industrial
- Office
- Institutional / Public
- Railroad
- Parking
- Residential
- Vacant

0 250' 500' 1000'

November 9, 1998

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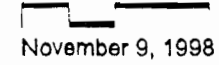
GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



Figure D: Future Land Use Plan

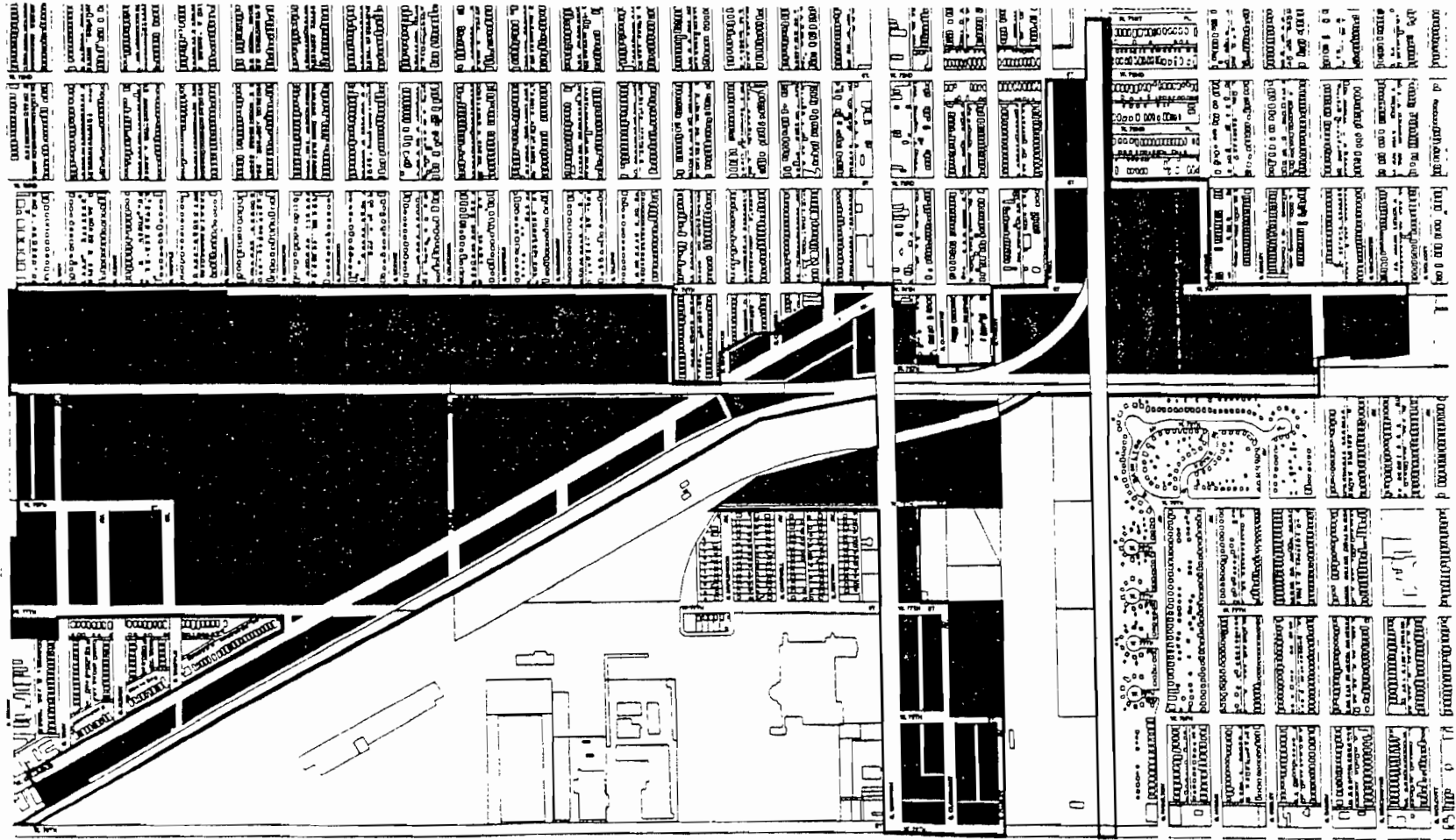
Redevelopment Area Boundary
 Industrial
 Industrial / Commercial
 Institutional / Industrial
 Open Space

0 250' 500' 1000'



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GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



Figure E: Redevelopment Opportunities

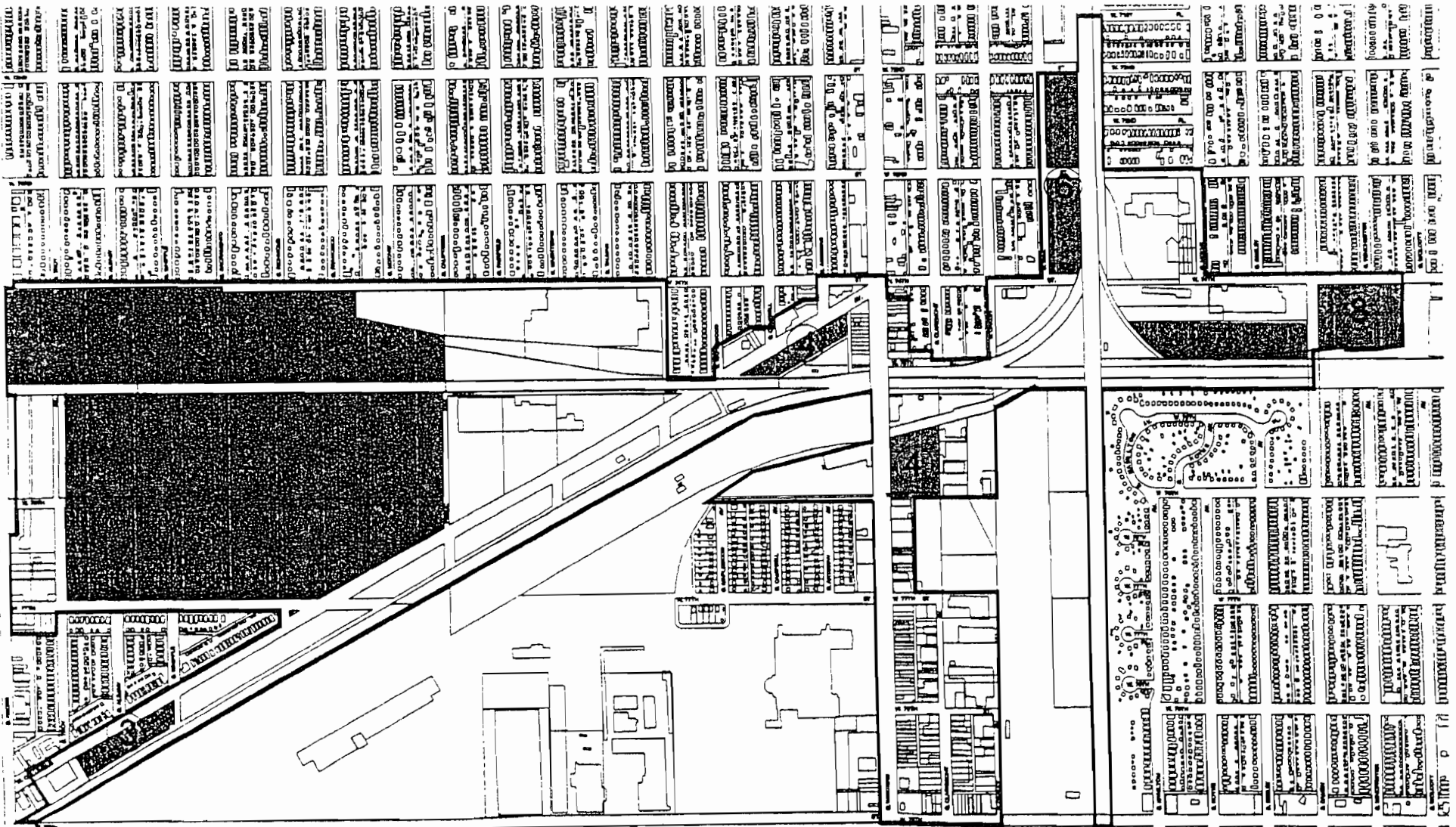
0 250' 500' 1000'

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— Redevelopment Area Boundary

█ Redevelopment Opportunities



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

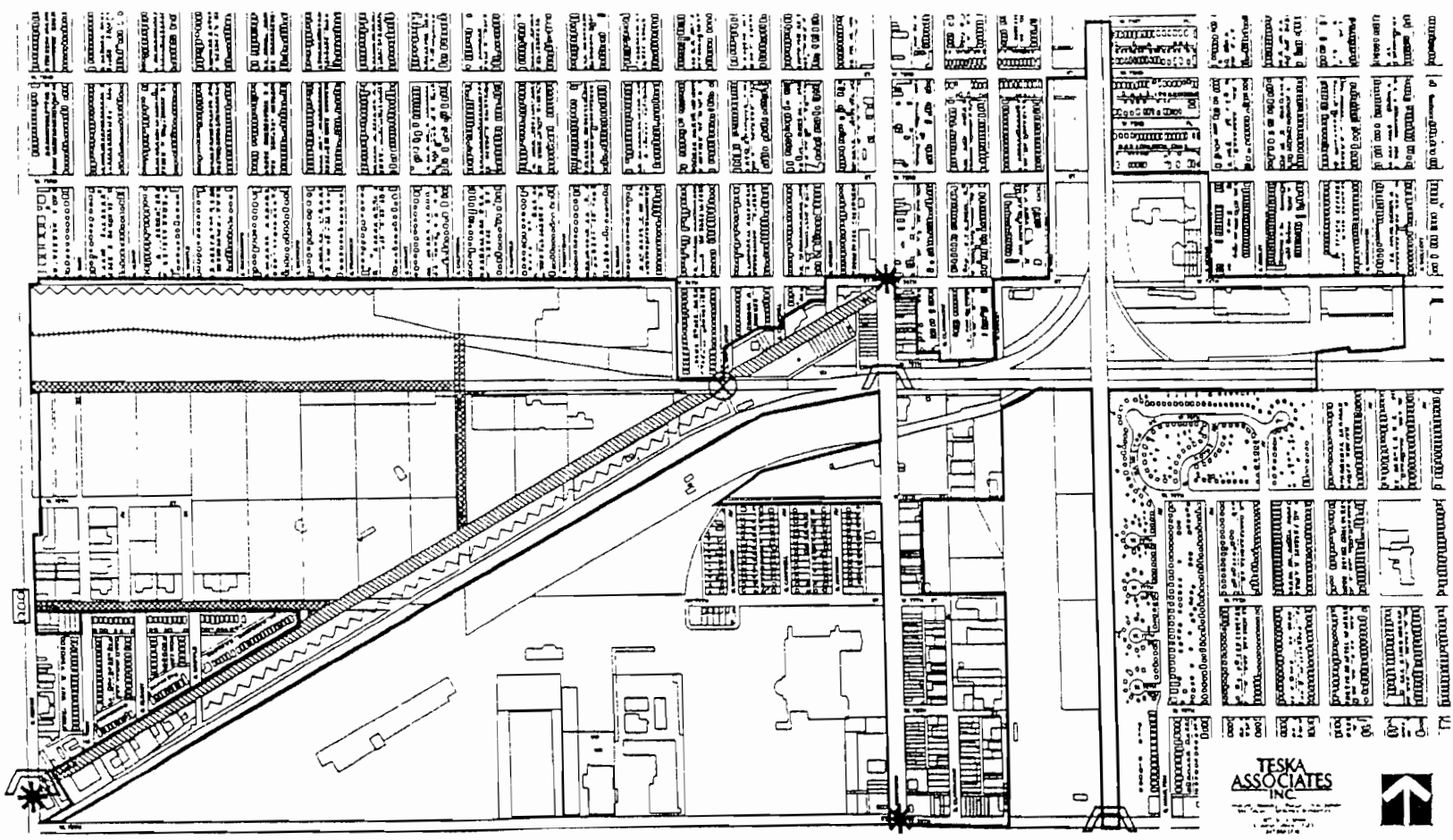
Figure F: Public Improvements

0 250 500' 1000'

November 9, 1998

— Redevelopment Area Boundary

- * Gateway Features
- ⌋ Raise Viaduct
- Consolidate & Realign Tracks
- ⌋ Landscape Buffer
- ▨ Proposed Street Extension or Improvement
- ⊗ Improve RR Crossing
- ⊕ Traffic Light
- ▨ Streetscape



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



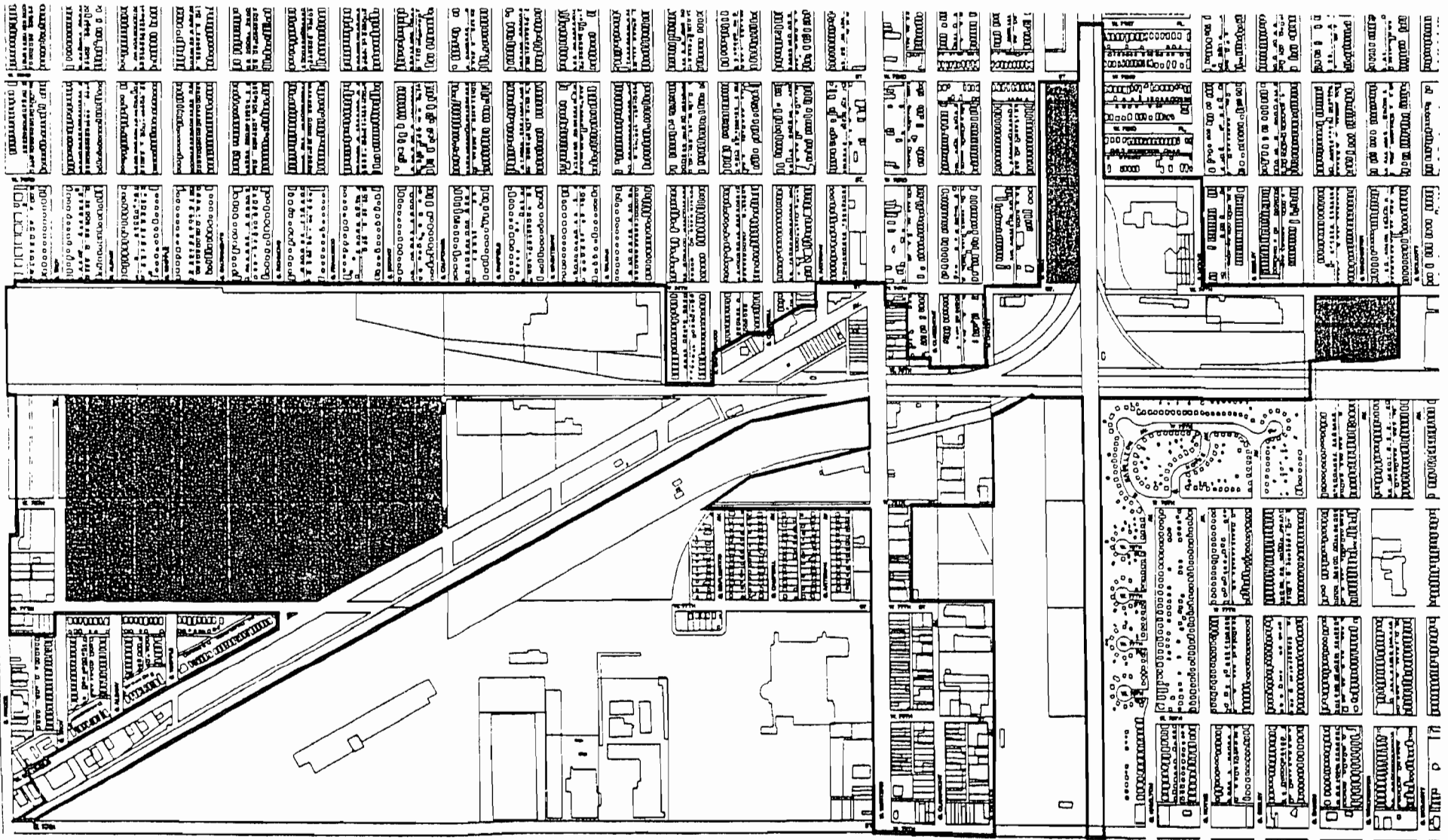
Figure G: Acquisition Map

0 250' 500' 1000'
November 9, 1998



— Redevelopment Area Boundary

■ Properties authorized to be acquired by city



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)

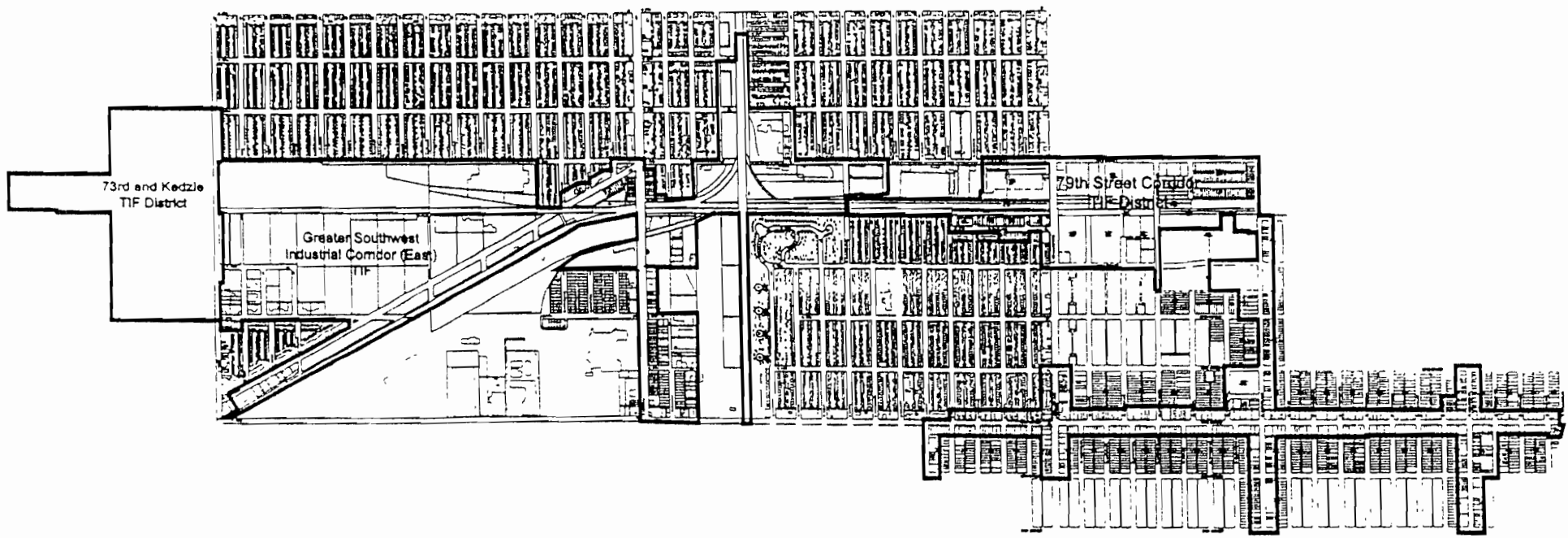


Figure H: Map of Adjacent TIF Districts
— Redevelopment Area Boundary

0 550' 1100' 2200'

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GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)








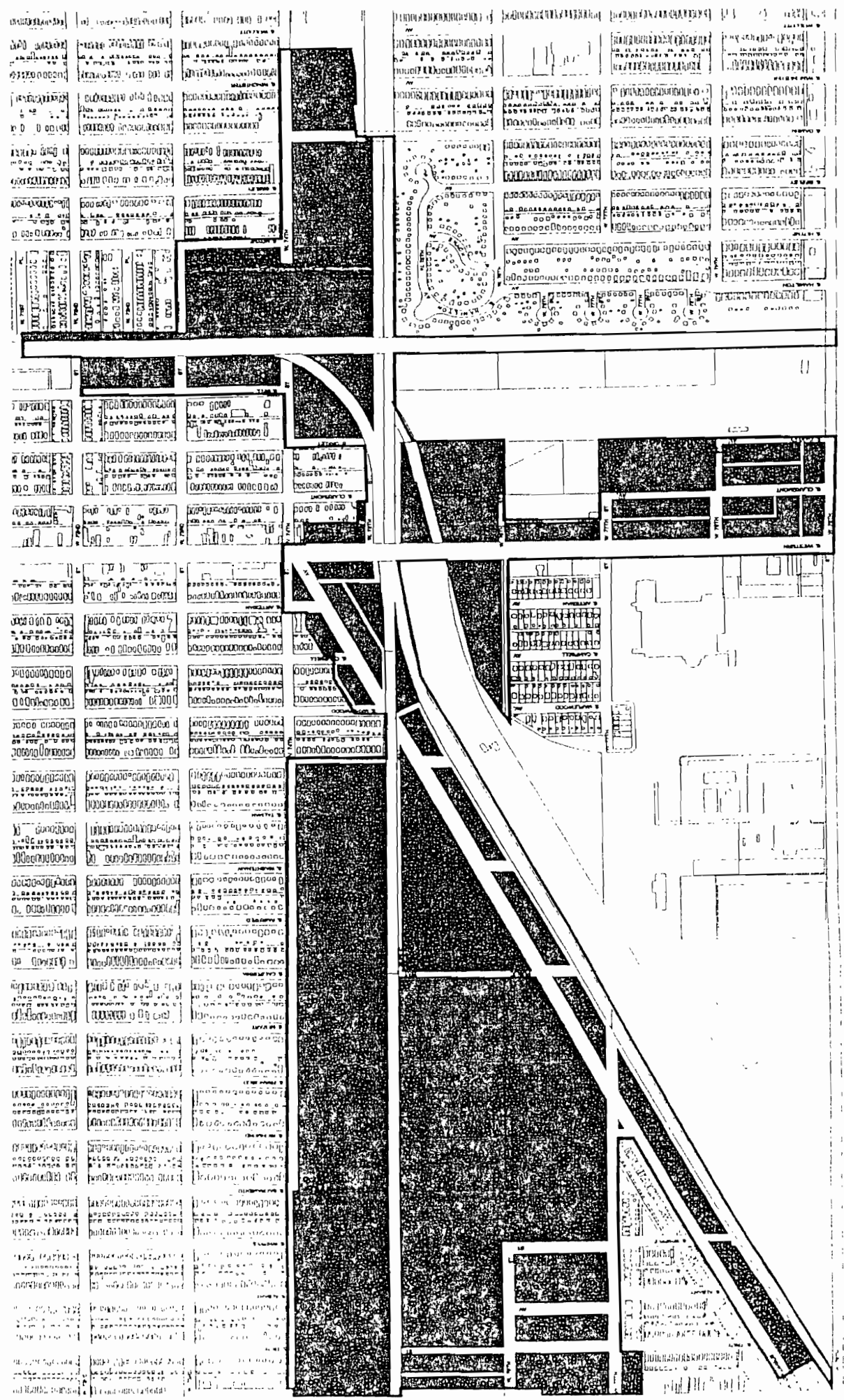
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0 250' 500' 1000'

November 9, 1998

Figure D: Future Land Use Plan

-  Redevelopment Area Boundary
-  Industrial
-  Industrial / Commercial
-  Institutional / Industrial
-  Open Space



GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)



Figure C: Existing Land Use

- Commercial
- Office
- Institutional / Public
- Railroad
- Residential
- Parking
- Vacant

0 250' 500' 1000'

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November 9, 1998

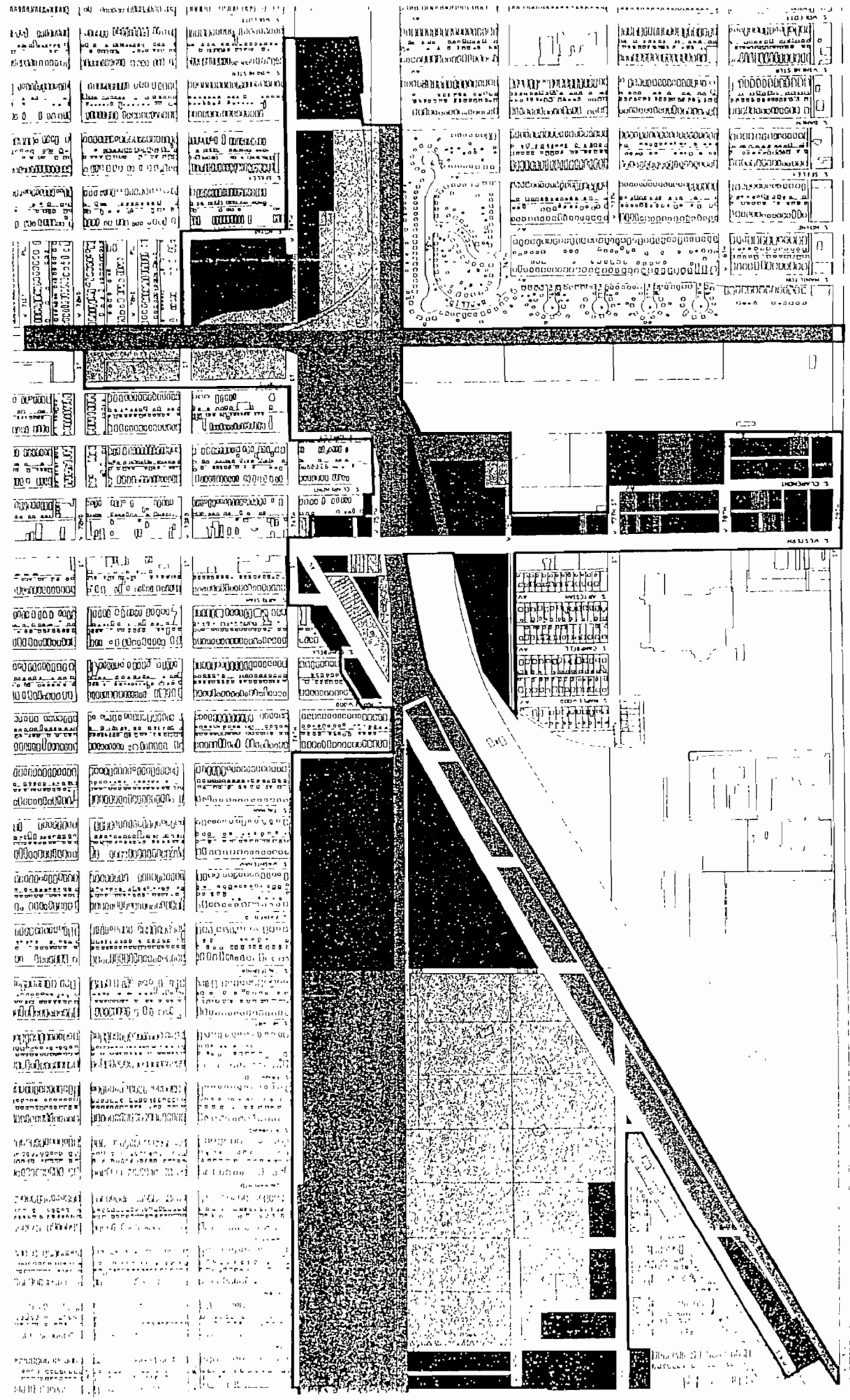


EXHIBIT E

CONSTRUCTION CONTRACT

See Attached

Project: 7400 S. Rockwell, Chicago, Illinois
Project Name: Marquette Village

GENERAL CONTRACT AGREEMENT FOR SITE WORK

COST OF THE WORK PLUS A FEE

This General Contract Agreement (“Agreement”) is made as of this 1st day of October 2006 by and between SLRDM 7400 South Rockwell Development, LLC an Illinois limited liability company (“Owner”) with offices at 111 E. Wacker Drive, Suite 2200, Chicago, IL 60602, and ALKO Construction & Development, Inc., an Illinois Corporation (“Contractor”), with offices at 1200 N. Ashland Avenue, Suite 400, Chicago, IL 60622.

R E C I T A L S

A. Owner is undertaking the site work including site utilities in relation to the improvement of the site to allow the construction of one hundred thirty nine (139) single family homes on the property located at 7400 S. Rockwell, Chicago, Illinois, also referred to as Marquette Village (the “Project Site”), which Project Site consists of vacant land.

B. The Project Site is owned by SLRDM 7400 South Rockwell Development, LLC, an Illinois limited liability company (“Owner”).

C. Owner desires to retain Contractor to perform General Contractor services and activities in connection with the Project Site and Contractor desires to perform such Work as more specifically described in this Agreement.

In consideration of the covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. CONTRACT DOCUMENTS

The “Contract Documents,” as that term is used herein, shall mean this Agreement and all Exhibits enumerated below and any other exhibits hereinafter added, including but not limited to Electrical and Mechanical Drawings and Specifications and the General Contractor estimate, the Specifications, the Drawings, the Change Orders (all as defined below) and all other documents referred to herein. The Exhibits to this Agreement are:

- Exhibit A General Conditions
- Exhibit B ALKO Scope of Work Proposal
- Exhibit C Engineering Drawings
- Exhibit D Insurance Requirements
- Exhibit E Schedule
- Exhibit F ALKO Contractor’s Sworn Statement - Control Estimate
- Exhibit G Civil Drawings Index
- Exhibit H- Intentionally Left Blank
- Exhibit I City of Chicago Department of Housing Requirements

2. WORK

Contractor shall perform and pay for all the Work and shall fully execute the work described in the Contract Documents, except to the extent specifically indicated in the Contract Documents to be the responsibility of others. As used in this Agreement, the Work shall include, but not be limited to, surveying, landscaping, mass grading, site utilities, the construction of curbs and sidewalks, concrete paving, asphalt paving, street lighting, fencing, and demolition. All Work shall be done, performed and completed in strict accordance with all the requirements of the Contract Documents and shall include any items or services reasonably inferable from the Contract Documents by a Contractor familiar with construction projects of the size, complexity and nature of the Project Site, as necessary to produce the results intended by the Contract Documents.

The following definitions shall apply:

(a) Agreement. The Agreement represents the entire and integrated agreement between Owner and Contractor and supersedes all prior negotiations, representations or agreements, either written or oral. The Agreement may be amended or modified only by a Change Order as defined herein. The Agreement shall not be construed to create any contractual relationship of any kind between any persons or entities other than Owner and Contractor.

(b) Drawings. The Drawings are the graphic and pictorial portions of the Contract Documents, wherever located and whenever issued, showing the design, location, and dimensions of the Work, generally including plans, elevations, sections, details, schedules and diagrams.

(c) Specifications. The Specifications are that portion of the Contract Documents consisting of the written requirements for materials, equipment, construction systems, standards and workmanship for the Work and performance of related services.

(d) Interpretation of Contract Documents. It is the intention of the parties that all terms of this Contract are to be considered as complimentary. However, in the event that such an interpretation is not possible, the order of precedence of the component parts of the Contract Documents shall be as follows:

- (1) General Conditions
- (2) Plans and Drawings
- (3) Specifications
- (4) Project Manual
- (5) Standard Requirements of State and Federal Government, if any

Any Addenda, which may be issued, shall be a part of these Contract Documents and shall take precedence over the other part of the Contract Documents they amend wherever they conflict therewith.

The foregoing order of precedence shall govern the interpretation of the Contract Documents in all cases of conflict or inconsistency therein, except as may be otherwise expressly provided in other component parts of the Contract Documents. In the event of a conflict between or among modifications, the later in date shall prevail. In the event of a conflict between or among the terms of this Contract, the higher standard or greater requirement for Contractor shall prevail, and in the event of a conflict between or among the terms of the Contract Documents, the higher standard or greater requirement for Contractor shall prevail.

3. CONTRACT SUM, CONTROL ESTIMATE, AND CONTRACT TIME

3.1 Contract Sum

3.1(a) The Owner shall pay the Contractor the Contract Sum in current funds for the Contractor's performance of the Contract. The Contract Sum is the actual Cost of the Work as defined in Article 4 plus the Contractor's Fee.

3.1(b) The Contractor's Contractor's Fee is: nine and one half percent (9.5%) of the actual cost of the Work. Change Orders will include a Contractor's Fee of ten percent (10.0%).

3.2 The Control Estimate

3.2(a) The Contractor shall prepare and submit to the Owner, in writing, a Control Estimate (Exhibit G). The Control Estimate shall include the estimated Cost of the Work. The Control Estimate shall be used to monitor actual costs.

3.2(b) The Control Estimate shall include:

(1) The documents enumerated in this Contract, including all Addenda thereto and the Conditions of the Contract;

(2) A list of the clarifications and assumptions made by the Contractor in the preparation of the Control Estimate, including assumptions under Section 3.4 to supplement the information provided by the Owner and contained in the Drawings and Specifications;

(3) A statement of the estimated Cost of the Work organized by trade categories or systems and the Contractor's Fee;

(4) A project schedule indicating proposed SubContractors, activity sequences and durations, milestone dates for receipt and approval of pertinent information, schedule of shop drawings and samples, procurement and delivery of materials or equipment requiring long-lead time, and the Owner's occupancy requirements showing portions of the Project having occupancy priority; and

(5) Contingencies for further development of design and construction as required by Section 3.4.

3.3 The Contractor shall meet with the Owner and Architect to review the Control Estimate. In the event that the Owner or Architect discovers any inconsistencies or inaccuracies in the information presented, they shall promptly notify the Contractor, who shall make appropriate adjustments to the Control Estimate. When the Control Estimate is acceptable to the Owner, the Owner shall acknowledge it in writing. The Owner's acceptance of the Control Estimate does not imply that the Control Estimate constitutes a Guaranteed Maximum Price.

3.4 To the extent that the Drawings and Specifications are anticipated to require further development by the Architect, the Contractor shall provide in the Control Estimate for such further development consistent with the Contract Documents and reasonably inferable there from. Such further development does not include changes in scope, systems, kinds and quality of materials, finishes or equipment, all of which, if required, shall be incorporated in a revised Control Estimate by mutual agreement of the parties.

3.5 The Contractor shall develop and implement a detailed system of cost control that will provide the Owner with timely information as to the anticipated total Cost of the Work. The cost control system shall compare the Control Estimate with the actual cost for activities in progress and estimates for uncompleted tasks and proposed changes. This information shall be reported to the Owner, in writing, no later than the Contractor's first Application for Payment and shall be revised at mutually agreed-upon intervals.

4. COSTS TO BE REIMBURSED PLUS DESIGN DEVELOPER FEE

(a) Cost of the Work

The term Cost of the Work shall mean costs necessarily incurred by the Contractor in the proper performance of the Work. The Cost of the Work shall include only the items set forth in this Article 4.

(b) Labor Costs

Wages of construction workers directly employed by the Contractor to perform the construction of the Work at the site or, with the Owner's approval, at off-site locations.

(1) Wages or salaries of the Contractor's supervisory and administrative personnel when stationed at the site or, with the Owner's approval, at off site locations, which shall not be unreasonably withheld.

(2) Wages and salaries of the Contractor's supervisory or administrative personnel engaged at Contractors, principal or other offices, factories, workshops or on the road, but only for that portion of their time required for the Work.

(3) Costs paid or incurred by the Contractor for taxes, insurance, contributions, assessments and benefits required by law or collective bargaining agreements and, for personnel not covered by such agreements, customary benefits such as sick leave, medical and health benefits, holidays, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Sections 4(b)(1) and 4(b)(2).

(c) Subcontract Costs

Payments made by the Contractor to SubContractors in accordance with the requirements of the subcontracts. This shall include the cost of an independent SubContractor whose duties shall include oversight of the construction.

(d) Costs of Materials and Equipment Incorporated in the Completed Construction

(1) Costs including transportation and storage at the site of materials and equipment incorporated, or to be incorporated, in the completed construction.

(2) Costs of materials described in the preceding Section 4 (d)(1) in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, if any, shall become the Owner's property at the completion of the Work or, at the Owner's option, shall be sold by the Contractor. Any amounts realized from such sales shall be credited to the Owner as a deduction from the Cost of the Work.

(e) Costs of Other Materials and Equipment, Temporary Facilities and Related Items

(1) Costs, including transportation and storage, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Contractor at the site and fully consumed in the performance of the Work; and cost (less salvage value) of such items if not fully consumed, whether sold to others or retained by the Contractor. Cost for items previously used by the Contractor shall mean fair market value.

(2) Rental charges for temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers that are provided by the Contractor at the site and costs of transportation, installation, minor repairs and replacements, dismantling and removal thereof. Rates of Contractor-owned equipment and quantities of equipment shall be subject to the Owner's prior approval.

(3) Costs of removal of legally disposed debris from the site.

(4) Costs of document reproductions, facsimile transmissions and long-distance telephone calls, postage and parcel delivery charges, telephone service at the site and reasonable petty cash expenses of the site office.

(5) That portion of the reasonable travel and subsistence expenses of the Contractor's personnel incurred while traveling in discharge of duties connected with the Work.

(6) Costs of materials and equipment stored off-site at a mutually acceptable location, if approved in advance by the Owner.

(7) Cost of winter conditions, including temporary heat and temporary shelter.

(8) Cost of temporary utilities, including temporary electric.

(f) Miscellaneous Costs

(1) That portion of insurance and bond premiums that can be directly attributed to this Contract.

(2) Sales, use or similar taxes imposed by a governmental authority that are related to the Work and for which the Contractor is liable.

(3) Fees and assessments for the building permit and for other permits, licenses and inspections the Contractor is required by the Contract Documents to pay.

(4) Fees of laboratories for tests required by the Contract Documents, except those related to defective or nonconforming Work, and which do not fall within the scope of Section 4(G)(2).

(5) Royalties and license fees paid for the use of a particular design, process or product required by the Contract Documents; the cost of defending suits or claims for infringement of patent rights arising from such requirement of the Contract Documents; and payments made in accordance with legal judgments against the Contractor resulting from such suits or claims and payments of settlements made with the Owner's consent. Such costs of legal defenses, judgments, and settlements shall not be included in the calculation of the Contractor's Fee, however. If such royalties, fees, and costs are excluded by other provisions of the Contract Documents, they shall not be included in the Cost of the Work.

(6) Deposits lost for causes other than the Contractor's negligence or failure to fulfill a specific responsibility to the Owner as set forth in the Contract Documents.

(7) Legal, mediation and arbitration costs, including attorneys fees, other than those arising from disputes between the Owner and Contractor, reasonably incurred by the Contractor in the performance of the Work and with the Owner's prior written approval, which shall not be unreasonably withheld.

(8) Expenses incurred in accordance with the Contractor's standard personnel policy for relocation and temporary living allowances of personnel required for the Work, if approved by the Owner.

(g) Other Costs and Emergencies

(1) Costs due to emergencies incurred in taking action to prevent threatened damage, injury, or loss in case of an emergency affecting the safety of persons and property

(2) Costs of repairing or correcting damaged or nonconforming Work executed by the Contractor, SubContractors or suppliers, provided that such damaged or nonconforming Work was not caused by negligence or failure to fulfill a specific responsibility of the Contractor and only to the extent that the cost of repair or correction is not recovered by the Contractor from insurance, sureties, SubContractors or suppliers.

(h) Costs not to be reimbursed

The Cost of the Work shall not include:

(1) Salaries and other compensation of the Contractor's personnel stationed at the Contractor's principal office or offices other than the site office, except as specifically provided in Sections 4 (b) 2 and 4(b) 3.

(2) Expenses of the Contractor's principal office and offices other than the site office.

(3) Overhead and general expenses, except as may be expressly included in Section 4.

(4) The Contractor's capital expenses, including interest on the Contractor's capital employed for the Work.

(5) Rental costs of machinery and equipment, except as specifically provided in Section 4(c)(2).

(6) Except as provided in Section 4(f) of this Agreement, costs due to the negligence or failure to fulfill a specific responsibility of the Contractor, SubContractors and suppliers or anyone directly or indirectly employed by any of them, or for whose acts any of them may be liable.

5. CONTRACT PAYMENT

A. Payment shall be made based on the value of the Work completed, to the date of the Contractor's Application for Payment with the exception of the General Contractor Fee, which will be drawn in equal monthly installments. Payment for Work completed and for which an Application for Payment is received by the 15th day of the month will be paid by the 1st day of the following month. Each Application for Payment shall be supported by such data to substantiate its accuracy as Owner may require including, among other things, the following:

- Owner's Name (as shown hereon)
- Project Site Name/Product Name/Model or Style of Unit
- Location of Work or Delivery (Building or Common Address)
- Total dollar amount then payable in accordance with the Cost Payment Breakdown

An Application for Payment not received timely will be paid no earlier than if it were received as part of an Application for Payment properly submitted in the following month.

B. Owner reserves the right, in Owner's sole discretion, to withhold a percentage of any payment due and owing Contractor or Particular Contractor or Supplier ("Retainage"), which Retainage in the aggregate shall not exceed ten percent (10%) of the value of completed Work. Owner may hold such Retainage until completion of the correction period set forth in Paragraph 17 hereof or, if this Agreement is terminated, for a period of one hundred fifty (150) days from the date of termination as provided in Paragraph 24 hereof. Owner's forbearance, at any time, from exercising any right to withhold Retainage shall not be deemed a waiver of such right. Owner may, at any time, up until Substantial Completion, reinstate full Retainage by withholding sums from any payment due and owing to Contractor if Owner has reasonable cause, so that ten percent (10%) of the value of the completed Work is withheld from Contractor. Retainage shall be reduced to five percent (5%) upon substantial completion plus an amount Architect/Owner estimates to complete the work. There is no Retainage withheld on material suppliers of ALKO Construction and Development, Inc.

C. Contractor shall submit as part of each Application for Payment, and as a prerequisite to any payment by Owner, (i) full and complete waivers and releases of liens (on forms supplied or specified by Owner) and sworn statements and affidavits which comply with all requirements of the Illinois Mechanic's Lien Act from all persons furnishing labor, materials, equipment and services in connection with the Work for which payment is requested, (ii) such formal guarantees pertaining to the Work as may be required by the terms of the Contract Documents, and (iii) such other affidavits, receipts, waivers and other documents as Owner shall reasonably require. Before any payment to Contractor shall be made, Owner may demand proof of payment by Contractor to all Contractors and other entities performing any Work or obtaining any lien rights of all amounts previously paid to Contractor on behalf of such entities.

D. All Applications for Payment, along with supporting documents required by this Paragraph 5, shall be sent to Owner at its home office Attention: Accounts Payable Dept. Invoices are to be submitted as Owner instructs. Requests not submitted in the manner required will be returned for correction without further review or payment.

E. The Contract Sum shall be effective for the time period set forth in the Primary Schedule as amended from time to time or revised from time to time when further information becomes available or by Change Orders which shall include profit and overhead in the percent listed in Paragraph 3.1(b).

F. Final payment, constituting the unpaid balance of the Contract Sum to which Contractor is properly entitled under or pursuant to the Contract Documents, shall be paid by Owner to Contractor when all of the Work has been satisfactorily completed and incorporated into the Project Site and all other requirements of the Contract Documents have been satisfied in full, as evidenced by an Architect Certificate of Substantial Completion or a Certificate of Occupancy issued by the appropriate governmental agency.

G. If Owner fails to approve an Application for Payment pursuant to this Paragraph 5 for a cause which Owner determines based on Architect's opinion is the fault of Contractor and

not the fault of a particular Contractor or supplier, or if Contractor fails to make a payment which is properly due to a particular Contractor or supplier, Owner may pay such Contractor or supplier directly, less the amount to be retained under the subcontract or purchase order. Contractor shall repay any amount so paid by Owner immediately to Owner.

H. Contractor shall at all times keep the Work, the Project Site, and all improvements thereon and any funds to which Contractor is entitled from Owner free and clear of all liens. Contractor shall indemnify, defend, protect and save harmless Owner from and against any and all claims, actions, damages, liens, liability or losses, including all costs and reasonable attorneys' fees, which Owner may suffer by the reason of the filing of any notices, liens or encumbrances in connection with the Project Site and in connection with the Work or the failure of Contractor to obtain cancellation and discharge thereof. Notwithstanding the foregoing, Owner reserves the right to settle any disputed mechanics' lien claims by payment to the mechanics' lien claimant if Owner, in its sole discretion, determines such payments are the most economical or advantageous method of settling the dispute. Contractor shall promptly reimburse Owner for such payments upon demand.

6. TIME OF COMMENCEMENT AND COMPLETION

A. The Work shall be commenced on the date established in a notice to proceed from Owner to Contractor (the "Commencement Date") which shall include evidence that financial resources are available to pay for the work. The "Contract Time" is the number of days from the Commencement Date until the date when Substantial Completion (as defined in Section 19B) of the entire Work is achieved. All time requirements stated in the Contract Documents are of the essence in this Agreement.

B. From and after the Commencement Date, Contractor shall diligently prosecute the Work to completion to the satisfaction of Owner. If necessary, on orders from Owner, certain parts of the Work shall be prosecuted in preference to others. Contractor shall be liable for actual, but not any consequential, damages caused by delays in performing the Work. Each delay in the Work caused by Contractor, shall constitute a separate default hereunder. Owner shall have the right, at any time, to modify reasonably the construction schedule, or delay or suspend any part of the Work, for a period not to exceed thirty (30) days, without compensation to Contractor.

7. TAXES AND LEGAL COMPLIANCE

A. The Contract Sum includes all federal, state, and local taxes and duties, including, but not limited to, sales, consumer, use, occupation and other taxes and import duties which may be applicable to the Work. All taxes and duties levied or assessed against Owner arising out of the furnishing or installation by Contractor of labor, materials, equipment or any other kind or personal property in the Project Site or the Work shall be paid by Owner, as per the definition in Section 4(f)(2) and 4(f)(3).

(1) Contractor shall pay or cause to be paid all contributions, payments, taxes and deductions for social security, federal, state and local income taxes, old age retirement benefits, unemployment insurance, annuities, pension or welfare fund payments required by any

labor union or by any governmental body, and all other taxes measured by or related to the wages, salaries or other compensation paid to persons employed in connection with the performance of the Work. These costs are subject to reimbursement pursuant to Section 4. The status of Contractor is that of independent Contractor and an employing unit subject as an employer to all applicable unemployment compensation statutes to relieve Owner from any and all responsibilities hereunder toward employees of Contractor.

(2) Contractor shall comply with all laws and regulations in connection with the items described in this Paragraph 7A and shall indemnify, hold harmless and defend Owner from all liability or expense in connection therewith.

B. Contractor shall procure and deliver to Owner at Owner's expense all certificates required of any municipal department or other agency with respect to the Work immediately upon completion of the Work.

C. Owner shall, at its own expense, apply for and obtain all building permits required in connection with the Work covered by this Agreement.

D. Contractor shall give all notices and comply with all applicable federal, state and local laws, ordinances, statutes, regulations, orders and other requirements of public authorities together with applicable industry standards and codes (collectively, "Laws"), as all of the foregoing may be amended from time to time.

E. Owner shall at its own expense, with assistance from the Contractor apply for and obtain all occupancy permits required.

8. COORDINATION

A. Contractor shall properly coordinate the Work with the trades.

B. Contractor shall coordinate the Work with other aspects of the Project Site and shall fully cooperate with Owner and shall notify Owner of all coordination activities. Contractor shall not commit or permit any act which will conflict or interfere with the performance of work by any separate Contractor.

9. MATERIAL AND LABOR STANDARDS

A. Contractor shall use only first-class material throughout the Work and it shall be incorporated in such a manner as to produce complete construction which is workmanlike and acceptable in every detail. All material supplied as "equal" to that prescribed in Specifications, if permitted, shall be submitted to Owner and must be approved in writing by Owner prior to use. All material not conforming to the requirements of the Specifications or other Contract Documents shall be deemed defective if not previously approved by Owner and payment received by Contractor, subject to latent defects; if in place, it shall be removed by Contractor at its expense and replaced with acceptable material. No material in which defects initially existed, but were subsequently corrected, shall be used without written approval by Owner. Upon failure of Contractor to comply with any order of Owner based on Architect's/Owner's opinion pursuant

to the terms hereof, Owner shall have authority upon written notice and ten (10) days to cure, to remove and replace defective material, at the expense of Contractor.

B. Owner shall have the right to require the immediate removal from the Project Site of any employee of Contractor or SubContractor who, in the sole opinion of Owner, is not qualified to perform the Work assigned to him, is guilty of improper conduct or is not working in harmony with the other trades.

10. SAFETY

A. Contractor shall be responsible for initiating, maintaining, and supervising all safety and hazard communication precautions and programs (collectively, the "programs"). Contractor shall also be responsible to insure that each SubContractor hired by Contractor is responsible for initiating, maintaining, and supervising all programs. The programs shall comply with all Laws as such Laws may be amended from time to time including, but not limited to, the requirements set forth in American Standards Associations Safety Code and Building Construction, the Williams-Steiger Occupational Safety and Health Act of 1970 ("OSHA"), rules and regulations of the United States Department of Labor and the Illinois Department of Labor and The United States and Illinois Environmental Protection Agency and any other rules and regulations that may at any time be promulgated by Contractor. The programs shall cover specifically Owner, Owner's agents and architect, Contractor and each SubContractor shall take all reasonable precautions for the safety of and shall provide all reasonable protection to prevent damage, injury or loss to the following:

(1) All employees performing all or any portion of the Work and all other persons who may be affected thereby;

(2) All the Work and all materials and equipment to be incorporated therein, whether in storage on or off the Project Site, under the care, custody or control of Contractor and its SubContractors, suppliers, warehousemen, and agents;

(3) Other property at the Project Site or adjacent thereto including, but not limited to, trees, shrubs, lawns, walks, pavements, roadways and structures; and

(4) All concealed or exposed utilities of every description affected by or adjacent to the Work. If utilities are damaged, Contractor shall immediately notify the utility company and make all necessary arrangements with the utility company to do the required work for repairing its equipment and facilities at Contractor's sole expense and at no extra cost to Owner.

B. Contractor shall erect and maintain, as required by existing conditions and progress of the Work, all reasonable, necessary or appropriate safeguards for safety and protection, including posting danger signs, constructing barricades and other warnings against hazards, promulgating safety regulations and notify SubContractors and users of adjacent utilities, providing fences, covered walk areas, necessary security guards and lighting. Barricades shall be painted and properly maintained.

C. Contractor shall promptly remedy all damage or loss to any property referred to herein caused in whole or in part by Contractor, any SubContractor of any tier, or anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable or for which Contractor is responsible hereunder. The foregoing obligations of Contractor are in addition to its obligations under Paragraph 10 hereof.

D. Contractor's superintendent or foreman shall be responsible for the programs and the prevention of accidents. Notice of any violation or hazard to that designated individual shall be notice to Contractor.

E. Contractor shall not load or permit to be loaded any equipment or materials to endanger the safety of the Work, the Project Site, or any material stored, or persons in or about the Project Site. The Project Site shall not be unreasonably encumbered with materials.

F. Contractor shall maintain and make available upon request, its company's Hazard Communication Program with complete Material Safety Data Sheets. Compliance of proper storage and labeling of materials and training of all personnel is required in accordance with OSHA requirements. Contractor will maintain Material Safety Data Sheets (MSDS) on the Project Site before the start of Work.

G. Contractor shall promptly report in writing to Owner all accidents arising out of, or in connection with, the Work which cause death, personal injury or property damage and all other incidents which may result in a claim against Contractor, giving full details and statements of witnesses. In addition, if death or serious personal injuries or serious damages are caused, telephone or messenger to Owner shall report the accident immediately. It shall be the responsibility of Contractor to have an accident report filled out, in triplicate, and submitted as required by Owner, containing the name of the person or persons and home address, the location of occurrence, the time of day and date, a description of the occurrence, statements of witnesses, and the signature of Contractor's superintendent. A copy of the Worker's Compensation claim report will be given to the Project Site superintendent designated by Owner within six (6) working days of the accident. In any emergency affecting the safety of persons or property, Owner shall act, at its discretion, to prevent threatened damage, injury, or loss.

H. Contractor will at all times thereafter indemnify and hold harmless Owner and all other Indemnitees (as hereinafter defined) from and against any and all claims, actions, demands, judgments, citations, damages, losses, costs, liabilities, expenses (including, without limitation, attorneys' fees), fines or penalties, of whatever kind, character or description that may arise out of any claimed violation of Laws.

I. Notwithstanding anything in the Contract Documents to the contrary, Owner shall have no responsibility or obligation in connection with safety or the construction means, methods, techniques or procedures in connection with the Work or the acts or omissions of Contractor, any other Contractors, Contractors, sub-Contractors, material men or others or any of their agents or employees or others performing the Work.

11. SUBCONTRACTS/PURCHASE ORDERS

All subcontracts, purchase orders, warranties, and guarantees thereunder shall be assignable to Owner and Contractor. All subcontracts and purchase orders shall conform to the requirements of the Contract Documents. Contractor shall furnish Owner with copies of any subcontract and purchase order promptly upon request.

12. INSPECTION, EXAMINATION, AND TESTING

A. All material and workmanship, if not otherwise designated in the Specifications, shall be subject to inspection, examination and testing by Architect/Owner at any and all times during manufacture, fabrication and construction, at any and all places where such manufacturing, fabrication and construction are carried on. Architect/Owner shall have the right to reject defective material and workmanship or require its correction based on Architect's opinion. Rejected workmanship shall be satisfactorily corrected and rejected material shall be satisfactorily replaced at no cost to Architect/Owner. Contractor shall promptly segregate and remove rejected material and Work from the Project Site.

B. Contractor shall promptly and properly request inspections required by governmental bodies of labor and materials installed, and shall obtain acceptance thereof.

C. Prior to commencement of the Work, all employees of SubContractor and/or SubContractor's sub-SubContractor who will be performing any part of the Work may be tested for use of illegal drugs at a licensed drug testing facility chosen by Contractor. SubContractor shall pay the cost of the foregoing drug testing. Only employees who do not test positive for the use of illegal drugs shall be allowed to perform any part of the Work. Employees who test positive for the use of illegal drugs shall not be permitted on the Project Site.

13. DELIVERIES OF EQUIPMENT OR MATERIAL; TEMPORARY FACILITIES AND UTILITIES

A. All deliveries of equipment or material by Contractor or its agents or vendors shall be made to the Project Site by prepaid freight. The handling, unloading and safe storage of said materials will be the responsibility of Contractor. Should materials be delivered after working hours in the absence of a representative of Contractor, Owner may cooperate in the unloading of said materials, with the understanding, however, that Owner is not responsible for any shortage in delivery, and further, Owner shall be paid for such services. Notwithstanding the foregoing, Owner shall not consign any equipment, materials, or other items in the name of Contractor.

B. Unless otherwise provided in the Contract Documents, Contractor shall provide and pay, subject to Owner reimbursement for all labor, materials, equipment, tools, construction equipment and machinery, transportation, and other facilities and services necessary for the proper execution and completion of the Work, whether temporary or permanent and whether or not incorporated or to be incorporated in the Work. All necessary temporary utility systems, heat, winter conditions and facilities are to be paid for by the Owner and must be acceptable to Contractor to perform its Work hereunder. Any of the items listed above to be paid for by Owner which are used but not consumed, shall become the property of Owner and shall be

delivered to Owner upon completion of the Work in accordance with instructions furnished by Owner.

C. Owner will designate an area for Contractor's offices, trailers and other similar items, if necessary. Owner reserves the right to change the location of this area, as it deems necessary. Contractor shall repair, restore, and replace any real or personal property, including tools and equipment, belonging to Owner which Contractor, or its SubContractors or suppliers, or their respective employees or invitees, may damage or destroy while at the Project Site. Owner shall have no responsibility for any loss or damage of Contractor's or its SubContractors or suppliers, or their respective employees or invitees materials, equipment or other personal property.

14. INDEMNITY

A. To the fullest extent permitted by law, Contractor shall defend, indemnify and save harmless Owner, Architect, All Homes General Contractor, Inc., and Lender (as hereinafter defined), their respective affiliates, and each of their respective partners, directors, officers, shareholders, agents, employees, consultants, successors in interest and anyone else acting for or on behalf of them (collectively, the "Indemnitees") from and against all damages, costs, liabilities, claims, loss and expense (including, without limitation, attorneys' fees) arising out of or in connection with:

(i) Any act, omission, neglect or misconduct of Contractor, any SubContractor, or any employee or agent of Contractor in connection with the Work or performance of any covenant, term or provision of the Contract Documents;

(ii) Any failure, neglect, act or omission on the part of Contractor, any SubContractor, or any employee or agent of Contractor in connection with any law, requirement, ordinance or regulation of any governmental authority; and/or

(iii) Any bodily injury, property damage or other claim, liability, loss, damage, cost and expense arising out of any scaffolding or safe place to work law or any other law with respect to the protection of adjacent land owners.

The foregoing indemnification remedy shall not deprive Owner of any other indemnity action, right or remedy otherwise available to it under the Contract Documents, at law or in equity.

B. Contractor shall also defend suits or claims for infringement of patent rights and shall hold Owner harmless from loss on account thereof, however, the Contractor shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer or manufacturers is required by the Contract Documents and Contractor notifies Owner of such potential infringement prior to proceeding with the Work

C. Contractor further agrees that to the fullest extent permitted by law, it shall indemnify and hold harmless the Indemnitees from and against all claims, demands or causes of action whatsoever, including attorney's fees, arising out of or for the use of equipment and/or apparatus owned, leased by or in the care of operation or control of any Indemnitee and as a

condition of said use, Contractor shall be fully responsible for all damages incurred or arising out of or resulting from the use of such equipment, in whole or in part, by or on behalf of Contractor.

D. Owner shall be permitted to retain any monies in regard specifically to the work subject to the suit action or claim, that may become due Contractor under this Agreement or in connection with any work being performed by SubContractors for Contractor, until any suit action, claim or liability for which Contractor has indemnity obligations under this Paragraph 14 has been settled or disposed of and suitable evidence to that effect furnished to Owner.

E. The indemnity obligations under this Paragraph 14 shall apply whether or not insurance proceeds were available at the time of the loss. The indemnity provisions contained herein shall not be construed to require indemnification for loss or liability arising solely as a result of Indemnatee's own negligence.

F. Contractor's indemnification obligations shall include both claims made by third parties against any Indemnatee as well as providing for Owner's counsel of choice. Contractor hereby waives, and shall cause all SubContractors and suppliers of any tier to waive, any rights any of them may have to limit the amount which may be recoverable against them by the Indemnitees in any contribution action under workers' compensation and other laws and to designate Owner as an explicit third party beneficiary in each sub-subcontract (of any tier) entered into in furtherance of this Agreement.

G. All indemnities provided in this Agreement shall survive the termination of this Agreement.

15. INSURANCE

A. Contractor, at its own expense, subject to reimbursement under terms of this Agreement, shall procure and maintain at all times prior to completion of the Work and acceptance by Owner of the Work, the insurance set forth in the Schedule of Insurance attached hereto and made a part hereof as Exhibit F ("Insurance Requirements").

B. Contractor shall not commence Work under this Agreement until and unless it has obtained and paid for the above insurance and delivered to Owner a certificate, or memorandum, of insurance with certified copies of endorsements to the policies required in this Paragraph 15 and the Insurance Requirements, evidencing such coverage (and indicating payment by Contractor, the name of the carrier, policy number, limits and expiration date) and Owner has approved such insurance.

C. The coverage afforded under any insurance policy obtained pursuant to the Insurance Requirements shall be primary to any valid and collectible insurance carried separately by Contractor. Owner shall cause its respective policies to be endorsed as excess over any insurance maintained by Contractor.

D. In no event shall any failure of Owner to receive Certificates of Insurance or endorsements required hereunder or to demand receipt of such Certificates of Insurance be construed as a waiver of Contractor's obligations to obtain insurance in accordance with the Insurance Requirements. The obligation of Contractor to procure and maintain any insurance

required by the Insurance Requirements is a separate responsibility of Contractor and independent of the duty to furnish a Certificate of Insurance of any such insurance policies.

E. Contractor agrees to maintain liability insurance coverage for completed operations as shown on the Insurance Requirements with evidence to Owner as required in subparagraph B of this Paragraph for a period of two (2) years after the Work is fully performed. Contractor shall cause Owner and Lender to continue to be named as additional insureds on such policies.

F. Contractor shall cause each SubContractor, sub consultant, vendor or supplier to procure and maintain insurance coverages in accordance with the requirements of this Section and Exhibit F.

G. Contractor and Owner agree to fully cooperate, participate and comply with all reasonable requirements and recommended actions of the insurers and insurance brokers issuing or arranging for the issuance of the insurance policies required in all areas of safety, insurance program administration, claim reporting and investigating, and audit procedures.

16. ASSIGNMENT

A. Contractor shall not assign this Agreement nor assign any payments due hereunder without the express written consent of Owner. Owner may collaterally assign this Agreement and the other Contract Documents to a construction lender ("Lender") for purposes of obtaining a construction loan for the Project Site. Contractor hereby consents to such a collateral assignment and agrees to execute such documentation as may be requested by Lender in connection therewith.

B. The Contract Documents shall be binding upon and inure to the benefit of Owner and Contractor (and Owner's legal representatives, heirs and devisees if Owner is not a corporation) and their permitted successors and assigns.

17. WARRANTY AND CORRECTION OF WORK

A. Contractor warrants that all Work performed, and all material and equipment supplied shall be free from latent defects in workmanship, material, and design and shall be in conformity with the Contract Documents for one year from the date of Substantial Completion. Contractor warrants to Owner that all materials and equipment furnished under this Agreement will be new and of first class quality, unless otherwise specified. All Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. If required by Owner, Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment.

B. The Contractor warrants to the Owner that materials and equipment furnished under the Subcontract will be of good quality and new unless otherwise required or permitted by the SubContract Documents, that the construction will be free from faults and defects, and that the construction will conform with the requirements of the Contract Documents subject to other terms contained in the Agreement. Construction not conforming to these requirements, including

substitutions not properly approved by the Owner, shall be corrected in accordance with this Article 17.

18. REMOVAL OF DEBRIS, CLEANING, ETC.

A. Contractor shall protect its Work from damage or dirt occasioned by itself, its SubContractors, or others or for any cause during the regular course of construction and until completion of the Project Site. Contractor shall remove all refuse and debris resulting from the Work inside and outside of the Project Site (as the work progresses) and shall deposit same where directed by Owner.

B. Contractor shall, at all times, keep the Project Site free from an accumulation of waste materials, rubbish and other materials arising out of the Work. At the completion of each workday, Contractor shall remove all its waste materials, rubbish materials and other similar items from and about the Project Site and all tools, construction equipment, machinery and surplus materials, and Contractor shall leave the Project Site in broom-clean condition. All waste materials, rubbish materials, and other similar items shall be placed at a location at the Project Site designated by Owner. Owner may, upon Contractor's failure to comply with the above, take such action as it deems necessary to clean the Project Site and charge the cost and expense thereof to Contractor and shall have the right to deduct such cost and expense from the monies due, or to become due, to Contractor in connection with the Work.

19. PERFORMANCE AND COMPLETION BY CONTRACTOR

A. All Work shall be performed and completed to the full satisfaction of Owner/Architect and shall be subject to Owner's/Architect's acceptance and approval. All Work shall be performed in a good, thorough, and workmanlike manner in full conformance with the Contract Documents.

B. "Substantial Completion" shall be defined as set forth in this Section 19B. Substantial Completion of the Work shall be deemed achieved when the Work is sufficiently complete in accordance with the Contract Documents so Owner can occupy or utilize the Work for its intended use and the municipality in which the Project Site is located shall have approved such work. Owner must accept in writing the Work as substantially complete. When Owner considers that the Work is substantially complete, the Architect/Owner shall prepare a comprehensive punch list of items to be completed or corrected. Contractor shall proceed promptly to complete and correct items on this list. Upon receipt of the list, Owner/Architect will make an inspection to determine whether the Work is substantially complete. If such inspection discloses any item on the punch list, which is not in accordance with the requirements of the Contract Documents, Contractor shall complete or correct such item upon notification. Contractor shall then submit a request for another inspection by Owner/Architect to determine Substantial Completion

C. From time to time, Owner or any entity affiliated with Owner (such entities being hereinafter in this Paragraph 19C collectively referred to as "Transferor") may elect to sell, lease, mortgage, or otherwise transfer any of Transferor's interest in any portion of the Project Site (collectively called "Parcel Transfers"). Contractor shall execute and deliver to Transferor such

documents for the benefit of Transferor, any transferee under a Parcel Transfer or any title insurance company issuing title insurance in connection with any such Parcel Transfer, a full and complete release of all mechanics' and material men's liens and rights which Contractor or any entity claiming by, through or under Contractor may have with respect to the property which is the subject of a Parcel Transfer, together with such other documents as a title company may require to induce it to issue its policy of title insurance with respect to the property which is the subject of a Parcel Transfer without requiring Owner's or other Transferor's indemnity against mechanic's liens.

20. REPRESENTATIONS AND WARRANTIES OF CONTRACTOR

A. Contractor represents and warrants that it is financially and otherwise able to satisfactorily perform its obligations hereunder able to pay its debts as they mature, and possess sufficient working capital to complete the Work and perform its obligations hereunder, and subject to the terms and conditions hereof, Owner is entering into this Agreement in reliance upon the warranties of Contractor set forth in this Paragraph and upon the experience and ability of the present officers and stockholders or partners of Contractor to perform the obligations of Contractor under this Agreement.

B. Contractor further represents and warrants the following to Owner (in addition to any other representations and warranties contained in the Contract Documents), as an inducement to Owner to execute this Agreement, which representations and warranties shall survive the execution and delivery of this Agreement and the completion of the Work:

(1) That Contractor is able to furnish the plant, tools, materials, supplies, equipment and labor required to complete the Work and perform its obligations under the Contract Documents and has sufficient experience and competence to do so;

(2) That Contractor is authorized to do business in the State of Illinois and properly licensed by all necessary governmental and public and quasi-public authorities having jurisdiction over it and over the Work and the Project Site;

(3) That Contractor's execution of this Agreement and its performance thereof is within its duly authorized powers;

(4) That Contractor's duly authorized representative has visited the Project Site, familiarized himself with the local conditions under which the Work is to be performed and correlated its observations with the requirements of the Contract Documents;

(5) That Contractor is a Contractor who possesses a high level of experience and expertise in the business administration, construction, construction management and superintendence of projects of the size, complexity and nature of the Work; and

(6) That Contractor has timely paid, and in the future will pay, all dues and other union payments required to be paid by Contractor pursuant to any Collective Bargaining Agreement to which Contractor is a party.

21. CHANGE ORDERS

Without invalidating this Agreement, Owner, by its duly authorized representative may, at any time, by written order, order changes in the Work or make a request for extra work if within the general scope of this Agreement ("Change Order"), and such changes may add to or reduce the Work to be performed hereunder without invalidating this Agreement. Owner shall furnish Contractor with written notice of any such addition or reduction in the Work to be performed hereunder provided, however, that if directed by Owner in writing, Contractor shall promptly proceed with any change in the Work requested by Owner, and Contractor shall thereafter, in good faith, negotiate equitable adjustments. If any such changes cause an increase or decrease in the cost of, or time required for, performance of the Work, equitable adjustments, include Profit & Overhead in Paragraph 3 shall be made and this Agreement, including the Cost Payment Breakdown, should be modified by a Change Order. Except as otherwise provided in this Agreement, no charge for any Change Order will be allowed if not approved in writing prior to commencement of the work claimed as a change. All terms, conditions and requirements of this Agreement and the Contract Documents shall apply to said Work authorized in writing as if same were originally included therein.

22. LICENSES

Contractor and all SubContractors of any tier, or anyone directly or indirectly employed by any of them shall at all times be licensed or qualified under any applicable law or regulations necessary for the lawful performance of its Work. All permits and licenses necessary for the prosecution of the Work of Contractor shall be secured and paid for by Contractor. The Architect engaged by the Contractor is duly licensed to practice his profession in the jurisdiction where the project is located and is listed as follows: -----

23. GENERAL PROVISIONS

A. Owner may occupy and use any portion of the Work which has been partially or fully performed by Contractor and which Owner has issued a Certificate of Substantial Completion and such occupancy or use shall not constitute a waiver of any defects subject to any punch list items.

B. Owner shall not be precluded or estopped by any measurement, estimate, or certificate made either before or after completion and acceptance of the Work except for latent defects after Contractor has received payment therefore, from showing the true amount and character of the Work performed and materials furnished by Contractor, or from recovering from Contractor or any Surety such damage as Owner may sustain by reason of its failure to comply with the terms of the Contract Documents. Neither the acceptance by Owner or its representatives, nor any payment for or acceptance of the whole or any part of the Work, nor any extension of time, nor any possession taken by Owner shall operate as acceptance of latent defective, faulty or nonconforming Work or as a waiver of any portion of this Agreement, or of any power herein reserved, or of any right to damages herein provided. A waiver of any breach of this Agreement shall not be held to be a waiver of any subsequent breach hereof. Owner's actions or failure to act shall not constitute a waiver of a right or duty afforded Owner under the

Contract Documents, nor shall such action or failure to act constitute approval of or acquiescence in a breach thereunder, except as may be specifically agreed in writing.

C. Any notice, request, demand, instruction or other document to be given or served hereunder or under any document or instrument executed pursuant hereto shall be in writing and shall be sent by overnight courier (with evidence of receipt) or sent by United States registered or certified mail, return receipt requested, postage prepaid and addressed to the parties at their respective addresses set forth below, and the same shall be effective upon receipt if delivered by courier, or two (2) business days after deposit in the mail if mailed. A party may change its address for receipt of notices by service of a notice of such change in accordance herewith.

If to Owner: SLRDM 7400 South Rockwell Development, LLC
111 E. Wacker Drive, Suite 2200
Chicago, Illinois 60602
Attn: Robert Goronski

If to Contractor: ALKO Construction & Development, Inc.
1200 N. Ashland Avenue, Suite 400
Chicago, Illinois 60622
Attn: Albert Kocemba

With a copy to: Karen P. Layng, Esq.
Vedder, Price, Kaufman & Kammholz, P.C.
222 North LaSalle Street
Chicago, Illinois 60601

D. Contractor shall make all claims against Owner within sixty (60) days within the occurrence of or discovery of the event on which such claim is based. Contractor shall have a duty to proceed with the Work in the event of any dispute. Failure to submit a claim timely shall constitute a waiver of such claim, and the right to assert the claim forever forfeited by Contractor. Acceptance of final payment by Contractor in connection with the Work shall constitute a waiver by Contractor of any and all claims in connection with the Work unless previously made in writing and in accordance with the requirements of this Agreement.

E. Should the courts determine that any part, term or provision of this Agreement is illegal or in conflict with any applicable state law, the validity of the remaining portions or provisions of this Agreement shall not be affected thereby.

F. The remedies of Owner provided for in the Contract Documents shall not be restrictive but shall be cumulative and in addition to all other remedies of Owner under the Contract Documents, at law, in equity, or otherwise.

G. The Agreement is intended to be for the sole benefit of Owner and Contractor and their permitted successors and assigns and no third party is nor shall be intended to be a beneficiary of this Agreement and no third party shall have the right to enforce the covenants hereof against either Owner or Contractor.

24. TERMINATION OF THE AGREEMENT

A. Owner may elect to terminate this Agreement, in whole or in part, without cause upon ten (10) days' written notice to Contractor.

B. In the event Owner terminates this Agreement without cause, Owner shall pay Contractor for the Work properly performed up to the termination date and its total profit and fee less the work thereon.

C. Should Contractor be adjudged materially insolvent, or neglect to prosecute the Work properly, or fail (in Owner's sole judgment) to perform any of the provisions of this Agreement, Owner, after three (3) days' written notice to Contractor, may, without prejudice to any other remedy Owner may have, make good the deficiencies and may deduct the actual cost thereof as described in Paragraph 4G2, or, at the option of Owner, may terminate this Agreement, in whole or in part, and take possession of all materials, tools and appliances and finish the Work by such means as Owner sees fit. If such expense exceeds such unpaid balance, Contractor shall pay the difference to Owner. The costs to Owner of completing the Work shall include, but not be limited to, the cost of any additional architectural, managerial and administrative services required thereby, any costs incurred in retaining another Contractor, any additional interest or fees which Owner must pay by reason of a delay in completion of the Work, attorneys' fees, expenses, and any other damages, costs and expenses Owner may incur by reason of completing the Work or any delay thereof. The cost and expense of completing the Work of Contractor shall be audited and certified by Owner's designated representative, whose certificate thereof shall be final and binding upon the parties hereto. In the event of any default of Contractor for which Owner may terminate this Agreement, in whole or in part, Owner shall also have the right to terminate any other agreement, in whole or in part, entered into between Owner and Contractor, whether or not in connection with the Project Site. Further, in the event of any default by Contractor under any other agreement between Owner and Contractor, for which Owner may terminate such agreement, in whole or in part, Owner shall also have the right to terminate this Agreement, in whole or in part.

D. If Owner terminates this Agreement for any reason, Contractor will make every reasonable effort to cancel any existing orders, subcontracts and contracts specified by Owner upon commercially reasonable terms satisfactory to Owner. Contractor, upon request by Owner, shall also deliver and assign to Owner, and Owner shall assume, any and all contracts, subcontracts, purchase orders and options made by Contractor in performance of the Work. Notwithstanding the above, Owner shall not be obligated to assume any existing orders, subcontracts or other contracts of Contractor. Contractor shall deliver to Owner true and correct originals thereof and all copies of the Contract Documents in Contractor's possession except that Contractor may retain photocopies of all relevant documents for its own files.

E. No action taken by Owner after termination shall prejudice any other rights or remedies of Owner provided by law, by the Contract Documents or otherwise upon such termination.

25. MEDIATION

Any controversy or claim arising out of or related to this Contract Agreement, or the breach thereof, shall be submitted to mandatory mediation to be conducted by the American Arbitration Association ("AAA") to be held in Chicago, Illinois, by a single mediator to be selected from the AAA's Construction Mediator panel or by other neutral third-party upon written agreement of the parties. The giving of prior notices or the seeking of preliminary determination of responsibility by third parties shall not be conditions precedent to submitting a claim to mediation. Each party shall bear its own attorneys' fees, costs, and expenses related to the mediation. Failure to settle these claims before the mediator shall result in all claims being submitted to the Circuit Court in Cook County, Illinois and Contractor agrees to subject itself to personal jurisdiction therein.

IN WITNESS WHEREOF, the parties have hereto set their hands and seals as of the date first above written.

OWNER:

SLRDM 7400 South Rockwell
Development, LLC

By: _____

Title: Robert D. Mosky

CONTRACTOR:

ALKO CONSTRUCTION &
DEVELOPMENT, INC.

By: _____

Title: Albert Kocemba

EXHIBIT A

Project: 7400 S. Rockwell Chicago, Illinois

GENERAL CONDITIONS:

GENERAL: These general specifications are a part of that certain Contract Agreement ("Agreement") to which this Exhibit is attached. Terms used herein and not otherwise defined shall have the same meaning as set forth in the Agreement.

PLANS AND SPECIFICATIONS:

1. The Plans are intended to delineate the different parts of the Work and are used as an illustration of, and in conjunction with, the Specifications. Anything shown on the Plans, or mentioned in the Specifications, is to be done as though called for by both, unless specifically accepted in the Specifications.

2. Should any Work or materials be required which are not mentioned by the Plans or Specifications, but which are customarily necessary for the Contractor's satisfactory completion of his phase of the Work, such Work shall be performed as fully as if it were delineated in the Plans and Specifications.

3. By signing the Agreement, the Contractor warrants that he is familiar with the scope of the Work and that the charges reflected on the Agreement are for full completion of his phase of Work including all applicable state and local taxes.

INSPECTION OF SITE:

1. It shall be the Contractor's responsibility to familiarize himself with the site and to inform the Owner, in writing, of any discrepancies between the Plans and Specifications and the actual site conditions.

2. By signing the Agreement, Contractor warrants that he has inspected the site in conjunction with the Plans and Specifications and that his prices include full completion of his phase of the Work based upon actual site conditions, the Plans and Specifications notwithstanding.

3. On-site verification of all above ground dimensions and conditions shall be the responsibility of Contractor.

4. Plumbing schematic drawings, HVAC drawings, sewer mains, electrical outlets, switches, light locations for routing all plumbing mechanical and electrical work is to be coordinated between the trades affected by the work as part of their installation layout. No plumbing, mechanical or electrical information is to be scaled from the Drawings.

CODE COMPLIANCE:

1. Contractor agrees that all Work to be performed shall be in strict compliance with all governing codes and that he has familiarized himself with said codes including but not limited to governing municipality codes, county codes, state of Illinois codes, Federal codes, and standard industry codes.
2. Contractor agrees that in all cases, governing codes and permit requirements and other regulations shall supersede the Plans and Specifications and that his prices accurately reflect the requirements of said codes, permit requirements and other regulations.
3. Contractor agrees to comply with all municipal requirements; for example: obtaining a municipal license, and equipment start-up time.

SCHEDULE:

1. Contractor's construction superintendent shall supply Owner/Architect with a schedule indicating the unit production sequence and the required rate of production prior to starting work. It shall be the Contractor's responsibility to secure the necessary labor, material, and equipment to comply with this schedule.
2. It shall be the Contractor's responsibility to coordinate his Work with other trades and to furnish information to other trades as required to assure harmony on the job site.
3. It shall be the Contractor's responsibility to have qualified supervisory personnel on the job site at all times to assure compliance with the schedule and quality standards set forth by the construction superintendent.

PRODUCTION PROCEDURES:

1. Temporary power shall be provided by Contractor, when permanent power is unavailable. Contractor shall provide his own temporary power, as necessary, to complete his phase of the Work. Cost to Owner upon Certificate of Occupancy or Substantial Completion.
2. Contractor shall be responsible for sealing all holes made by or for him. Below grade holes and sleeves shall be sealed with an acceptable waterproof material, holes between floors or between units (cut by others for Contractor's use) shall be sealed with an acceptable fire stop material, and holes between units in any common walls or floors shall be sealed with caulk. In all cases, sound and fire proofing integrity shall be maintained.
3. Contractor shall deliver to the construction office all manuals and instructions pertaining to the equipment installed by him.
4. In accordance with to the Occupational Safety and Health Act, and to allow each trade to work efficiently, Contractors shall remove all cartons and debris and broom sweep units on a daily basis and place them in an area designated by the Contractor's representative. If removed by others, Owner shall back charge Contractor for the cost of such removal

5. Contractor agrees that any damage done by or attributable to himself or his agents shall be repaired at no cost to the Contractor. Any damage discovered but not attributable to any particular Owner shall, at the Contractor's option, be back charged to one or more of the Contractors on the job at the time the damage occurred.

6. Deliveries will only be accepted Monday through Friday from 8:00 a.m. to 12:00 noon and 12:30 p.m. to 3:30 p.m. Owner accepts no responsibility for items delivered at other times. For delivery of materials only, a delivery ticket signed by the Contractor's representative must accompany all invoices presented for payment. Excess materials delivered without an order or materials in excess of designated quantities are the responsibility of the Contractor. No payments will be processed or paid for partial material deliveries.

7. Contractor will demonstrate its products to Contractor's employees, as necessary.

8. Contractor's employees shall not drive on paved driveways for any reason.

9. All Contractors are requested to enter and leave the construction site through the designated "Construction Entry."

10. Loud radios or noises will not be allowed within the Project Site. Normal radio levels are acceptable inside buildings. No pets are allowed in the Project Site.

11. No vehicles may be left in the Project Site overnight without the written permission of the construction superintendent.

12. Contractors are to keep their work areas free of discarded materials; objects are not to be thrown out of vehicles.

13. Contractor materials must be stored in storage trailers; no storage under or alongside storage trailers will be allowed. No flammable materials may be left on the Project Site.

14. Contractor will schedule his own municipal inspections and perform tests as necessary to receive approvals.

15. Contractor shall attend weekly foreman meetings.

16. Alcohol or non-prescription drugs are not allowed in the Project Site.

17. Lost work days are to be made up by Contractor to meet the published construction schedule at no extra cost to Owner.

18. Contractor is responsible to check and insure the correct materials, color, and options are being delivered or installed in a unit.

19. After carpet is installed, all Contractors must remove shoes at the entry to the carpeted area.

20. The last Contractor to leave a building after 2:30 p.m. must lock completely all exterior doors, windows, and patio doors.

21. Contractors will never contract directly with unit Owners for labor, materials, or equipment, without the prior written approval of Owner.

EXHIBIT B
(SCOPE OF WORK SENDING UNDER SEPARATE COVER)

EXHIBIT C
(PREVIOUSLY PRODUCED-SEE DISK)

EXHIBIT D

ACORD™ CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 10/26/2007
PRODUCER (847) 797-5700 Assurance Agency, Ltd. One Century Centre 1750 E. Golf Road Schaumburg, IL 60173	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Alko Construction & Development, Inc. 1200 N. Ashland Ave., Suite 400 Chicago, IL 60622-	INSURERS AFFORDING COVERAGE	NAIC #
	INSURER A: American Safety Casualty Ins Co	
	INSURER B: Hartford Underwriters	
	INSURER C: Liberty Insurance Underwriters, Inc.	
	INSURER D: New Hampshire Ins	
	INSURER E: Lloyds of London	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADDL	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC	ESL0155860701	1/15/2007	1/15/2008	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 500,000
						MED EXP (Any one person)	\$ 10,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP AGG	\$ 2,000,000
B		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	83UEQIU9429	1/15/2007	1/15/2008	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT	\$
						OTHER THAN AUTO ONLY: EA ACC	\$
						AGG	\$
C		EXCESS/UMBRELLA LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$	LQ1B71202561026	1/15/2007	1/15/2008	EACH OCCURRENCE	\$ 20,000,000
						AGGREGATE	\$ 20,000,000
							\$
							\$
D		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	3369428	1/15/2007	1/15/2008	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER	
						E.L. EACH ACCIDENT	\$ 500,000
						E.L. DISEASE - EA EMPLOYEE	\$ 500,000
						E.L. DISEASE - POLICY LIMIT	\$ 500,000
E		Architects & Engineers	AA000030F	8/18/2007	8/18/2008	\$1,000,000/\$1,000,000	\$10,000 Retention

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 See attached page.

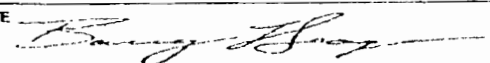
CERTIFICATE HOLDER

City of Chicago Department of Planning and Development
 121 North LaSalle Street
 City Hall Room 1000
 Chicago, IL 60602-

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE



DESCRIPTION OF OPERATIONS -

Alko Construction & Development, Inc.
1200 N. Ashland Ave., Suite 400
Chicago, IL 60622-

**City of Chicago Department of Planning
and Development**
121 North LaSalle Street
City Hall Room 1000
Chicago, IL 60602-

It is agreed that the following are added as Additional Insured on the General Liability on a Primary and Non-Contributory basis as respects to operations performed by the Named Insured:

The City of Chicago, its employees, elected officials, agents or representatives

A Waiver of Subrogation applies in favor of the above listed additional insureds on the General Liability and Workers Compensation for this specific project.

EXHIBIT E

EXHIBIT F

Project: 7400 S. Rockwell Chicago, Illinois

INSURANCE REQUIREMENTS

1. HAZARD GRADES AND CLASSIFICATIONS

Contractor and all SubContractors and Suppliers shall be required to carry insurance based upon their hazard grade classification as determined by the operations they perform as follows:

1 = Low, 2 = Limited, 3 = Moderate, 4 = Severe, and 5 = Highly Severe

OPERATIONS:	HAZARD GRADE:
Air conditioning and heating	4
Appliance installation	2
Architects	2 = E & O at \$2,000,000
Cabinet installation	4
Cabinet delivery	3
Carpentry	4
Caulking	4
Chemical treatment of lakes	4 for CL/3 for others
Concrete and asphalt work	4
Crane rental	4
Curb installation/repair	4
Debris removal/dumpster	4
Decks (wood)	4
Delivery services \neq no crane/hoist	1 (tailgate delivery)
Delivery services \neq crane/hoist	4 (offload by vendor)
Demolition	5
Door installation	4
Door delivery	3
Drywall	4
Earthwork (mass)	4
Electric wiring	4
Elevator installation (auto grade 3) GL & WC	4
Engineers/Architects and other Design Professionals	2 = E & O at \$2,000,000
Excavation (buildings)	4

Fences	3
Final cleaning/maid service	2
Fireplaces; prefab	4
Flags and Flagpole installation	3
Garage door	4
Gas log lighters and grills	2
General Contractor	5
Glass and mirror	3
Grading	4
Guard service	2
Gutters	4
Insulation	4
Interior design	2
Irrigation/Sprinklers	4
Landscaping	4
Mailbox installation	3
Masonry	4
Millwork installation	4
Millwork delivery	3
Move furniture	2
Ornamental iron	3
Painting or paper hanging	4
Parquet or wooden flooring	2
Paving/street repair	4
Pest control	4
Pilings/Caissons/Sheeting	5
Plastering	4
Plumbing	4
Pool screen construction	2
Portable toilets	3
Poured Floors	4
Roofing	5
Rug	2
Security and sound equipment	2
Sewer and water mains and laterals	5
Shelves	2
Shutter installation	4
Siding installation	4
Sign installation	4
Snow plowing	3
Soil testing	3
Stair installation	4
Stairs delivery	3

Steelwork installation – structural	4
Steelwork installation – ornamental	4
Streetlights installation	4
Surveyors	2 + E & O at \$2,000,000
Swimming pool	3
Tile work and floor covering	2
Tree stump removal	5
Trenching	4
Tuckpointing and caulking	4
TV/phone/intercom	2
Underground sprinkler	4
Upholsterers	2
Water softener	3
Waterproofing	3
Well drilling	4
Window installation	4
Window delivery	4

(E & O = Professional Liability Insurance)

2. FORMS AND LIMITS

Based upon the above hazard grades, Contractor, SubContractors and Suppliers shall procure and maintain during the course of the project and for a period of two years following acceptance of their work the following forms and limits of insurance:

A. Automobile Liability:

Hazard Grades 1, 2, 3, 4 & 5: Primary: \$1,000,000 combined single limit.

Umbrella/Excess: \$1,000,000 per occurrence

Note: All primary automobile coverages must be written on the current ISO Business Auto Policy or equivalent with liability coverage for “all autos,” including owned and non-owned autos.

Note: Umbrella/Excess coverages must be written on a policy form that follows form to the primary policy.

B. Commercial General Liability:

<u>Hazard Grades 1 & 2:</u>	Primary: \$1,000,000 per occurrence and \$2,000,000 per project aggregate. Umbrella/Excess: \$1,000,000 per occurrence and per project aggregate
<u>Hazard Grade 3 & 4:</u>	Primary: \$1,000,000 per occurrence and \$2,000,000 per project aggregate. Umbrella/Excess: \$5,000,000 per occurrence and per project aggregate
<u>Hazard Grade 5:</u>	Primary: \$1,000,000 per occurrence and \$2,000,000 per project aggregate. Umbrella/Excess: \$10,000,000 per occurrence and per project aggregate

Note: All primary commercial general liability insurance must be written on the current ISO CG 0001 or equivalent form, including products/completed operations and contractual liability coverages. Said policies must not contain any exclusions or coverage limitations relating to the type of work being performed or product supplied by SubContractor or Supplier. Umbrella/Excess liability coverages must be written on a policy form that follows form to the primary policy.

C. Employer's Liability:

<u>Hazard Grade 1, 2 & 3:</u>	\$1,000,000 per accident \$1,000,000 disease limit \$1,000,000 each disease
<u>Hazard Grade 4:</u>	\$5,000,000 as a total limit – any combination of primary and Umbrella/Excess
<u>Hazard Grade 5:</u>	\$10,000,000 as a total limit – any combination of primary and Umbrella/Excess

D. Workers' Compensation:

All Hazards: Statutory limits

E. Professional Liability:

If its Work involves design or engineering services, Contractor, SubContractor or the sub-SubContractor performing the design or engineering services shall maintain Project Specific Professional Liability Insurance with a \$2,000,000 per occurrence limit, an extended reporting period of not less than five (5) years, and a self-insured retention or deductible amount of not more than \$100,000. The self-insured retention or deductible shall be the sole responsibility of

the SubContractor or sub-SubContractor. Such Project Specific Professional Liability Insurance shall not exclude any of the professional services included within the scope of this Agreement.

F. At the discretion of Owner, Owner may procure an owner's protective policy to cover all hazards and risks associated with this project. In the event Owner procures an owner's protective policy, Contractor shall comply with all requirements relating to said policy, including the submission of any forms required by the insurer(s) prior to the commencement of work. In the event Owner procures an owner's protective policy, Contractor shall not include insurance charges in its billings for work performed.

G. All insurance procured by Contractor, SubContractor or Supplier under these requirements shall be written on an occurrence basis (with the exception of the Professional Liability Insurance).

H. At the request of Owner, Contractor, SubContractor or Supplier shall provide to Owner complete copies of the above policies, including all endorsements.

3. CANCELLATION OR ALTERATION

The policies of insurance required by this Exhibit F shall provide that they cannot be cancelled or altered in a way changing coverage except after forty-five (45) days' prior written notice by insurer via certified mail to Owner.

4. WAIVER OF SUBROGATION

All general liability, workers' compensation, employers' liability and Umbrella/Excess policies shall contain language waving all of insurer's rights of subrogation against Owner.

5. INSURANCE CERTIFICATES

- Contractor, SubContractor or Supplier is required to provide current certificates of insurance evidencing their compliance with these insurance requirements ten (10) days prior to the commencement of any work.
- = Certificates not meeting the requirements of this Agreement must be revised and resubmitted by Contractor, SubContractor or Supplier within fifteen (15) days or the Contractor, SubContractor or Supplier will not be allowed on the jobsite.
- Contractor, SubContractor or Supplier is required to submit new certificates of insurance at each policy renewal.
- Owner's failure to enforce these provisions shall not be construed as a waiver of Contractor's, SubContractor's or Supplier's obligation to procure and maintain the type and amount of insurance required in this Agreement.
- If it is determined that Contractor, SubContractor or Supplier has not complied with any of the insurance requirements set forth herein, Owner shall have the right to withhold payment for any work performed until Contractor, SubContractor or

Supplier supplies proof acceptable to Contractor that Contractor, SubContractor or Supplier is in compliance with the insurance requirements.

- At Owner's discretion, Owner shall have the right to procure insurance coverage to cover any non-compliant Contractor or SubContractor. The premiums for any such coverage shall be the responsibility of the Contractor, SubContractor or Supplier, and may be deducted from any amount due said Contractor, SubContractor or Supplier for work performed.

6. ADDITIONAL INSURED

Owner and Lender must be named as Additional Insureds on the policies specified in paragraphs 2A, B and E. The additional insured endorsements must state that Owner and Lender are insured with respect to liability arising out of the Contractor's, SubContractor's or Supplier's work and/or products, both during and following completion of the work or delivery of the products required under this Agreement. Contractor's, SubContractor's or Supplier's general liability policies (including excess or umbrella coverage) shall state that they apply as primary and non-contributory insurance in relation to Owner or Lender's own insurance policies. Each Contractor, SubContractor or Supplier shall provide copies of the additional insured endorsements to Owner prior to the commencement of its work on the project.

7. RECEIPT OF CERTIFICATES OF INSURANCE

All Certificates of Insurance, waivers of subrogation and additional insured endorsements must be sent to the following address within the time periods specified above, but no later than the commencement of work.

Ms. Krystyna Dakof
ALKO Construction & Development, Inc.
1200 North Ashland Avenue, Suite 400
Chicago, Illinois 60622
Phone: 773/529-3200

8. LEASED EMPLOYEES

SubContractors utilizing employee leasing arrangements for this project must provide proof acceptable to Contractor that all leased employees are covered under SubContractor's policies or equivalent policies carried by the employee leasing firm. Failure by Contractor or owner to enforce this provision shall not constitute a waiver of SubContractor's obligation to ensure that such coverage is maintained in relation to leased employees.

9. SELF-INSURED RETENTION OR DEDUCTIBLES

If any of the policies required in Paragraph 2 contain a self-insured retention or deductible, such policies must contain language providing that: (1) the self-insured retention or the deductible does not apply to the Owner, Contractor or Lender, or (2) insurer shall advance amounts falling within the self-insured retention or deductible in relation to claims against

Contractor, Owner or Lender, and seek reimbursement solely from SubContractor or Supplier that is listed as the named insured under the policy.

10. OTHER

SubContractor's insurance carriers must have a minimum A.M. Best Rating of A-VI

EXHIBIT G
(CIVIL DRAWINGS-SEE DISK)

EXHIBIT H
(LEFT INTENTIONALLY BLANK)

**EXHIBIT I
(LEFT INTENTIONALLY BLANK)**

EXHIBIT F

ESCROW AGREEMENT

See Attached

**BURNET TITLE L.L.C., agent for
LAWYERS TITLE INSURANCE CORPORATION
CONSTRUCTION LOAN ESCROW DISBURSING AGREEMENT**

Escrow/Case Number: 07-06677 Commitment/Policy No: 07-06677
Origination No:
Project Name: 7400 S. Rockwell Project Location 7400 S. Rockwell, Chicago, IL
Agent:

SECTION I. General Conditions

A. Owner/Borrower

Name: SLRDM 7400 South Rockwell Development, LLC
Address: 1200 North Ashland, Suite 400, Chicago, IL 60622
Phone No: 773-529-3200

B. Lender

Attorney for Owner/Borrower

Name: <u>Harris Bank</u>	Name: <u>Jeffery L. Brand</u>
Address: <u>111 W. Monroe, 2E, Chicago, IL</u>	Address: <u>1200 North Ashland, Suite 400, Chicago, IL 60622</u>
Phone No: <u>312-461-2330</u>	Phone No: <u>773-529-3200</u>
Fax No: <u>312-765-8348</u>	Fax No: <u>773-529-3220</u>
Contact: <u>Mike Chip</u>	Contact: <u>Margaret Kelly</u>

Title Insurer/Escrowee:

Name: BURNET TITLE L.L.C.
Address: 2700 S. RIVER RD., SUITE 204
DESPLAINES, IL 60018
Dept: CONSTRUCTION ESCROW DEPT.
Phone: (847) 813-1645 Fax No. (303) 262-1213
Contact Name: Julie Chorbajian

C. General Contractor:

Company Name: ALKO-RDM Construction and Development, Inc.
Contact Name: Krystyna Dakoff
Phone No: 773-529-3200
Fax No: 773-529-3220

D. Construction Manager:

Company Name: ALKO-RDM Construction and Development, Inc.
Contact Name: Albert Kocemba/Krystyna Dakoff
Phone No: 773-529-3200
Fax No: 773-529-3220

E. City of Chicago:

Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, IL 60602
Attn: Commissioner

F. Billing Information:

Construction Escrow Fee: * See Attached Invoice and Title Commitment - All fees to be paid directly to Burnet Title L.L.C. out of Construction Draws

SECTION II: RECITALS

- A. Owner/borrower has executed /will execute a mortgage/trust deed encumbering the premises described as follows:
See Exhibit "A" attached hereto and made a part hereof/same as those described in the BT/LTIC Commitment/policy number.

For the purpose of financing, in whole or in part, the construction of or the rehabilitation of improvements thereon (known as the project)

For the benefit of the lender, BT has been requested to issue its ALTA commitment and/or policy insuring the lien of the mortgage from possible mechanic's liens on an interim basis as construction of the project proceeds; attached pending disbursement endorsement to be issued and for benefit of the lender and the owner/borrower, BT has been requested to provide disbursing services to pay for construction and other developmental costs.

At the request of the Owner/Borrower, lender will make periodic deposits into the escrow to be disbursed by the escrowee in accordance with this agreement as hereinafter set forth. Owner/Borrower may deposit or cause to be deposited funds not a part of the mortgage proceeds into this escrow which these funds will also be disbursed by the Escrowee under the provisions of this agreement.

- B. The parties to this agreement agree that the Escrowee will disburse the escrow deposits for the construction payment directly to subcontractors pursuant to sworn Owner's and General Contractor's Statements and only upon receipt of Original signed and notarized Lien Waivers.

In the event that the general contractor and any subcontractor jointly authorize the Escrowee to pay funds due 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 signatory to this escrow shall have the right to look to the Escrowee for any disbursements hereunder under a third party, and that the Escrowee owes no duty to any such third party to make any payment.

SECTION III: REQUIREMENTS

- A. Prior to the first disbursement of funds by the Escrowee, the following requirements shall be satisfied;
- 1) The Escrowee shall furnish or shall be prepared to furnish to the lender, as insured, a standard ALTA Construction Loan Policy (CLP) together with LTIC's pending Disbursement Endorsements and such other Endorsements Lender may require.
If the policy has issued to the lender prior to the Escrowee's first disbursement of funds, then the Escrowee shall furnish or be prepared to furnish an LTIC pending Disbursement Endorsement covering the requested disbursement;
 - 2) Other Endorsements, if any;
 - 3) Prior to any disbursements by Escrowee, Owner/Borrower will provide the Lender and Escrowee an original, notarized Sworn Owner's Statement disclosing the various contracts entered into by the Owner/Borrower relating to the construction of the project, the Owner/Borrower will also provide names of the contractors, their addresses, kind of services, work or material to be furnished, the amounts of such contracts, the amounts paid to date, if any, the amounts of current payments, if any, and the balances to become due, if any.

- 4) Prior to Disbursements by Escrowee the Owner/Borrower shall furnish or cause to be furnished to the Lender and Escrowee an original, notarized, Sworn Statement to Owner by the General Contractor (GC Stmt). The General Contractor shall provide the names and addresses of such persons furnishing labor, services, material (i.e., subtrades and material suppliers), the kind of labor, services or material to be furnished, the contract amounts, amounts to be paid, if any, amount of current payments, if any, and balances to become due if any.
- 5) A gap indemnity bond executed by Owner/Borrower, if the lender requires title insurance with mechanic's lien coverage through the date of disbursement.
- 6) W-9 forms from all payees (general contractor, subcontractors, soft costs payees) **PRIOR TO THE END OF THE PROJECT ALL W-9'S MUST BE SUBMITTED.**

LENDER SHALL FURNISH THE ESCROWEE THE FOLLOWING:

- a) an approval of the conditions of the title as disclosed by the commitment. (SEE ATTACHED)
- b) an approval for loan disbursement purposes of the Owners Statement and the General Contractor Statement, in the form of Attached Lender Certificate of Disbursement, or similar form

A. Prior to each disbursement by the Escrowee, the Owner/Borrower shall furnish or cause to be furnished to the Escrowee the following:

- 1) An original, sworn Owners Statement with a current date, as described in Section III A (3).
- 2) An original, General Contractors Statement with a current date, as described in Section III A (4).
- 3) Sufficient funds to cover the current disbursement, by bank check or wire transfer to BURNET TITLE L.L.C., Des Plaines, Illinois
- 4) Written approval by Owner/Borrower of the payment by Escrowee of the current construction draw. (made a part of the Sworn Owners Statement after 1997)
- 5) A report by the inspector or a certification by the architect that work has been completed and materials are in place as indicated by the current construction draw (s) request approved by the Owner/Borrower.
- 6) Original statements, waivers, affidavits, supporting waivers and releases of lien from such person and in the forms as may be required by BT for the purpose of providing title insurance coverage specified by this agreement covering the current disbursement.

A. At the time of each disbursement by the Escrowee, subsequent to the issuance of the policy, the Escrowee shall furnish, or be prepared to issue to the lender a LTIC Pending Disbursement Endorsement covering the current disbursement.

SECTION IV: GENERAL CONDITIONS

- A. At any time prior to the first disbursement of funds, the Escrowee shall have the right to notify the Lender that BT or LTIC declines any risk offered for insurance under the commitment for title insurance aforesaid. Whereupon the Escrowee shall return to the parties any documents and/or funds in Escrowee's possession relating to the loan. Where, after the first disbursement of funds by the Escrowee, a further title search by BT or LTIC reveals a subsequent title matter which gives rise to a title exception over which LTIC is unwilling to insure. Escrowee will notify the lender and discontinue disbursements until the exception has been disposed of to the satisfaction of the Lender. Escrowee, at its discretion and with approval of LTIC, may elect to deposit funds in a Title Indemnity or Simular Escrow Account at a cost to the Owner/Borrower to satisfy and/or insure over said Title Exceptions of Matter
- B. If at any time during the course of construction the total of the unpaid disclosed cost of construction, as indicated by the Sworn Owners Statement furnished to the Escrowee exceeds the amount of undisbursed mortgage proceeds, the Escrowee need not make further disbursements under terms of this agreement until the Owner/Borrower has deposited into the escrow sufficient sums necessary to make the available funds equal to the unpaid disclosed cost of construction. Also, if Escrowee discovers a misstatement in an affidavit furnished by the General Contractor or Owner/Borrower, or any inconsistency or contradiction between or among any figure in the Owner/Borrower's statement, or the General Contractors statement or any subcontractor's statement, Escrowee may stop disbursement until the misstatement has been corrected. Escrowee may, as its option, independently verify information submitted by the Owner/Borrower and any contractor or may require the Owner/Borrower to furnish or cause to be furnished verification of any contractor's amounts or material suppliers. Should the Lender know that the total of unpaid disclosed cost of construction exceed the amount of undisbursed mortgage proceeds, or learn of any discrepancies or inaccuracies in the Sworn Statements or of services, labor or material being furnished but not reflected on the Sworn Statements, the lender shall notify the Escrowee. Escrowee has no liability hereunder to the Owner/Borrower relating to protection against mechanic's lien claims.
- C. Prior to the final disbursement of funds by the Escrowee, it is a requirement of this agreement that LTIC be prepared to furnish a standard ALTA Loan Policy covering the date of the final disbursement, subject to the usual terms and conditions in that form of policy and also subject to exceptions as approved by the lender, together with the above listed endorsements, if any. Owner/Borrower & Escrowee also hereby agree that upon completion of said project and final disbursement, owner may seek an Owner's Policy and an additional Loan Policy from Escrowee for which Owner will receive a discount based on previous title work, to be determined at that time. All required documentation must be submitted to the Escrowee and approved by LTIC/BT prior to the final disbursement of escrowed funds by the Escrowee.
- D. The functions and duties assumed by the Escrowee include only those described in this agreement and Escrowee is not obligated to act except in accordance with the terms and conditions set forth in this agreement. Escrowee does not insure that the building will be complete, nor does it insure that the building, when completed, will be in accordance with plans and specification, nor that sufficient funds will be available for completion, nor does it make the certification 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 as to work in place. Escrowee shall not be responsible for any loss of documents while the documents are not in its custody. Documents deposited in the United States Mail shall not be construed as being in Escrowee's custody. In the event of default by the lender and/or foreclosure of the mortgage by the lender, Escrowee shall have the right to discontinue further disbursements under this agreement.

NOTE: Construction Loan Policy and recording fees, closing fees will be billed for at close of Mortgage. All other fees will be billed for an paid on a "Per Draw" basis. Owner/Borrower and General Contractor anticipate three draws. In the event title and escrow fees are not paid as required, LTIC may terminate this agreement upon a (30) day notice to the Borrower and Lender.

E. In the event that the Owner/Borrower engage the services of a "Construction Manager" in lieu of a "General Contractor", as noted in Section I hereof, then all references contained in this agreement to "General Contractor" are hereby deleted and "Construction Manager" is hereby substituted therefore. In the event that the Owner/Borrower has engaged the services of both "Construction Manager" and one or more "General Contractors", as noted in Section I hereof, then all references contained in Section III of this agreement to "General Contractor" are hereby deleted and the following is substituted therefore: "Construction Manager" and the "General Contractor(s)".

F. The undersigned agree that this 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 the Escrowee, Lender, and Owner/Borrower as a third party beneficiary or otherwise under any theory law.

IN WITNESS WHEREOF, the undersigned have executed this agreement this _____ day of _____, A.D. 19 _____.

Owner/Borrower: _____
By: _____
Date: _____

Lender: _____
By: _____
Date: _____

City of Chicago, Department of Planning and Development:

By: _____
Date: _____

Escrowee: **BURNET TITLE, L.L.C**

By: _____
(AUTHORIZED SIGNATORY)
Date: _____

The Undersigned has received and reviewed the foregoing agreement and acknowledges that _____ is neither a party to the said agreement, nor does that agreement confer any benefits, rights, privileges, actions, or remedies to any person, partnership, firm, or corporation other than the Escrowee, Lender, and Owner/Borrower under a third party beneficiary theory or otherwise under any theory of law

GENERAL CONTRACTOR

CONSTRUCTION MANAGER

Date: _____

Date: _____

EXHIBIT "A" LEGAL DESCRIPTION

EXHIBIT G

PERMITTED LIENS

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any: [To be completed by Developer's counsel, subject to City approval.]

EXHIBIT H-1
PROJECT BUDGET

[See Attached]

EXHIBIT H-1

PROJECT BUDGET

Marquette Village
7400 South Rockwell LLC

Property Acquisition	\$2,287,334
Legal	\$250,000
Marketing	\$575,000
Architect/Engineer	\$242,746
Appraisal	\$21,850
Surveys	\$60,000
GC Overhead	\$1,959,066
Taxes/Utilities	\$300,000
Insurance	\$90,061
Bank fees	\$125,000
Demolition/site work	\$5,609,580
Permits	\$359,200
Financing cost/interest	\$1,744,541
New Home Construction	\$28,413,273
New Home Construction Contingency	\$371,500
total	\$42,409,151

EXHIBIT H-2
MBE/WBE BUDGET

[See Attached]

EXHIBIT H - 2

MBE/WBE BUDGET

Marquette Village
7400 South Rockwell LLC

Hard Costs - New Home Construction	\$28,413,273
Hard Costs - Site Work and Demolition	\$5,609,580
Soft Costs Related to Hard Costs	<u>\$492,746</u>
Total Hard Costs	\$34,515,599
MWBE 24%	\$8,283,744
WBE 4%	\$1,725,780

EXHIBIT I

APPROVED PRIOR EXPENDITURES

[TO BE ATTACHED AT CLOSING]

EXHIBIT I

Approved Prior Expenditures

Property Acquisition	\$2,287,334
Legal	\$227,176
Marketing	\$442,151
Architect/Engineer	\$825,631
Appraisal	\$1,850
Surveys	\$6,436
GC Overhead	\$20,500
Taxes/Utilities	\$127,236
Insurance	\$138,310
Bank fees	\$12,330
demolition/site work	\$4,539,008
permits	\$96,998
financing cost/interest	\$374,116
New Home Construction	\$585,276
New Home Construction Contingency	\$0

Total **\$9,684,353**

EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

[To be retyped on the Developer's Counsel's letterhead]

_____, _____
City of Chicago
121 North LaSalle Street
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to _____, an [Illinois] _____ (the "**Developer**"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the _____ Redevelopment Project Area (the "**Project**"). In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "**Documents**":

- (a) _____ Redevelopment Agreement (the "**Agreement**") of even date herewith, executed by the Developer and the City of Chicago (the "**City**");
- (b) [the Escrow Agreement of even date herewith executed by the Developer and the City;]
- (c) [insert other documents including but not limited to documents related to purchase and financing of the Property and all lender financing related to the Project]; and
- (d) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, we have examined

- (a) the original or certified, conformed or photostatic copies of the Developer's (i) Articles of Incorporation, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which the Developer is qualified to do business, (iii) By-Laws, as amended to date, and (iv) records of all corporate proceedings relating to the Project [revise if the Developer is not a corporation]; and
- (b) such other documents, records and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, we have assumed the genuineness of all signatures (other than those

of the Developer), the authenticity of documents submitted to us as originals and conformity to the originals of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, it is our opinion that:

1. The Developer is a corporation duly organized, validly existing and in good standing under the laws of its state of [incorporation] [organization], has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign [corporation] [entity] under the laws of every state in which the conduct of its affairs or the ownership of its assets requires such qualification, except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business.

2. The Developer has full right, power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, the Developer's [Articles of Incorporation or By-Laws] [describe any formation documents if the Developer is not a corporation] or result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of our knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which the Developer is a party or by which the Developer or its properties is bound. To the best of our knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which the Developer is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing, other than liens or security interests in favor of the lender providing Lender Financing (as defined in the Agreement).

3. The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite action on the part of the Developer.

4. Each of the Documents to which the Developer is a party has been duly executed and delivered by a duly authorized officer of the Developer, and each such Document constitutes the legal, valid and binding obligation of the Developer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5. Exhibit A attached hereto (a) identifies each class of capital stock of the Developer, (b) sets forth the number of issued and authorized shares of each such class, and (c) identifies the record owners of shares of each class of capital stock of the Developer and the number of shares held of record by each such holder. To the best of our knowledge after diligent inquiry, except as set forth on Exhibit A, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the capital stock of the Developer.

Each outstanding share of the capital stock of the Developer is duly authorized, validly issued, fully paid and nonassessable.

6. To the best of our knowledge after diligent inquiry, no judgments are outstanding against the Developer, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or affecting the Developer or its property, or seeking to restrain or enjoin the performance by the Developer of the Agreement or the transactions contemplated by the Agreement, or contesting the validity thereof. To the best of our knowledge after diligent inquiry, the Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Developer or its business.

7. To the best of our knowledge after diligent inquiry, there is no default by the Developer or any other party under any material contract, lease, agreement, instrument or commitment to which the Developer is a party or by which the company or its properties is bound.

8. To the best of our knowledge after diligent inquiry, all of the assets of the Developer are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in the Documents.

9. The execution, delivery and performance of the Documents by the Developer have not and will not require the consent of any person or the giving of notice to, any exemption by, any registration, declaration or filing with or any taking of any other actions in respect of, any person, including without limitation any court, government or regulatory authority.

10. To the best of our knowledge after diligent inquiry, the Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

11. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

We are attorneys admitted to practice in the State of Illinois and we express no opinion as to any laws other than federal laws of the United States of America and the laws of the State of Illinois. **[Note: include a reference to the laws of the state of incorporation/organization of the Developer, if other than Illinois.]**

This opinion is issued at the Developer's request for the benefit of the City and its counsel, and may not be disclosed to or relied upon by any other person.

Very truly yours,

By: _____

Name: _____

Exhibit K

74th & Rockwell Redevelopment Project
Projected TIF Revenues (Including SSA Portion of Tax Rate, 5% Admin Fee)
Marquette Village Single-Family Homes and Senior Building plus Inflationary Increment

General Assumptions	
Annual Inflation Rate (Affordable Units)	2.5%
Annual Inflation Rate (Market Rate Units)	4.0%
Annual Inflation Rate (for Rest of TIF)	2.50%
Developer Note Principal	\$ 6,302,350
Interest Rate on Developer Note	7.50% (10 Yr. Treasury + 300 basis points)
Interest Rate on Bank Loan	8.25% (Prime + 1%)
Debt Coverage	80%
Loan to Value	75%
Maximum Loan Principal	\$ 4,726,762

TIF Year	Collection Year	SF Homes Incremental Tax Revenues	Senior Building Tax Revenues	Total Project Increment	Total Inflationary Increment (Excluding StyleMaster)	Total Combined Increment	Total Available Increment 95%
0	1997	\$0	\$0	\$0	\$0	\$0	\$0
0	1998	\$0	\$0	\$0	\$0	\$0	\$0
0	1999	\$0	\$0	\$0	\$0	\$0	\$0
1	2000	\$0	\$0	\$0	\$0	\$0	\$0
2	2001	\$0	\$0	\$0	\$63,716	\$63,716	\$0
3	2002	\$0	\$0	\$0	\$66,442	\$66,442	\$0
4	2003	\$0	\$0	\$0	\$62,820	\$62,820	\$0
5	2004	\$0	\$0	\$0	\$191,608	\$191,608	\$0
6	2005	\$0	\$0	\$0	\$187,109	\$187,109	\$0
7	2006	\$0	\$0	\$0	\$186,314	\$186,314	\$0
8	2007	\$0	\$0	\$0	\$238,741	\$238,741	\$226,804
9	2008	\$0	\$17,156	\$17,156	\$243,317	\$260,473	\$247,639
10	2009	\$81,746	\$44,355	\$126,101	\$248,397	\$373,488	\$354,815
11	2010	\$201,025	\$46,441	\$247,466	\$303,250	\$550,716	\$523,180
12	2011	\$313,415	\$47,369	\$360,784	\$309,317	\$670,101	\$636,596
13	2012	\$337,900	\$48,317	\$386,217	\$315,505	\$701,722	\$666,635
14	2013	\$372,288	\$50,464	\$422,753	\$378,988	\$799,742	\$754,046
15	2014	\$379,736	\$51,474	\$431,210	\$378,401	\$809,610	\$769,130
16	2015	\$487,333	\$52,501	\$539,834	\$385,966	\$925,802	\$874,312
17	2016	\$424,467	\$54,718	\$479,185	\$442,138	\$921,324	\$875,257
18	2017	\$432,955	\$55,812	\$488,767	\$450,981	\$939,748	\$892,760
19	2018	\$441,615	\$56,928	\$498,543	\$460,002	\$958,546	\$910,618
20	2019	\$481,800	\$59,214	\$541,013	\$516,947	\$1,057,960	\$1,005,062
21	2020	\$491,435	\$60,398	\$551,833	\$527,288	\$1,079,122	\$1,025,166
22	2021	\$501,262	\$61,606	\$562,867	\$537,835	\$1,100,702	\$1,045,667
23	2022	\$544,831	\$63,968	\$608,799	\$595,641	\$1,204,440	\$1,144,218
24	2023	\$555,727	\$65,247	\$620,974	\$607,557	\$1,228,532	\$1,167,103
Total (2007-2023)		\$ 5,946,534	\$ 835,969	\$ 6,782,503	\$ 6,932,454	\$ 13,714,958	\$ 13,029,210
PV 2007-2023 @ 7.5%		\$ 2,748,839	\$ 417,015	\$ 3,165,854	\$ 3,468,198	\$ 6,634,052	\$ 6,302,350

Source: A. R. Trethewey & Company

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

TIF Projections 2-20-06 Final inflation 4% Jeff

10/2/2006

**74th & Rockwell Development
Increment Projections**

General Assumptions	
Property Tax Rate (2004)	6.587%
Annual Inflation Rate (Affordable Units)	2.5%
Annual Inflation Rate (Market Rate Units)	4.0%
Triennial Inflation Rate (Affordable Units)	7.69%
Triennial Inflation Rate (Market Rate Units)	12.49%
Collection Rate	97%
Equalization Factor (2004)	2.5757
Certified Initial Base Year EAV (1997)	\$ 2,519,863
Year Assumptions	
Year TIF Established	1999
Certified Initial Base Year	1997
Property Tax Rate Year	2004
First Triennial Reassessment Year	2000
Equalization Factor Year	2004
Assessment Assumptions	
Homeworker's Exemption	\$ 5,000
Seniors Exemption	\$ 3,000
Filing for Homeworkers Exemption	100%
Filing for Senior's Exemption	0%
Effective Assessment Ratio [1]	8.20%
Cook County Residential Assessment Ratio	16%

[1] Based on Sales Ratio Study by S. B. Friedman & Company

Development Program Assumptions	
Single Family	
Demolition Year	2006
First Assessment Year	2007
Buildout Period	5
Quantity (Total)	139
# of Affordable Single Family Units	28
# of Market Rate Single Family Units	111
Sale Price Affordable Single Family Units	\$ 243,500
Sale Price Single Family Units	\$ 243,500
EAV per Affordable Single Family Unit	\$ 46,429
EAV per Affordable Multi Family Unit	\$ 46,429
Total EAV of Affordable Single Family Units ('05\$)	\$ 1,300,012
Total EAV of Market Rate Single Family Units ('05\$)	\$ 5,153,619
Taxes per Affordable Single Family Unit ('05\$)	\$ 3,058
Taxes per Market Rate Single Family Unit ('05\$)	\$ 3,058
Senior Facility	
Demolition Year	2005
First Assessment Year	2007
Buildout Period	1
Units	94
EAV per Unit	\$ 10,900
Total EAV of New Development ('06\$)	\$ 940,000

Source: S. B. Friedman & Company

Note: These projections are based on estimates, assumptions, and other information developed from research of the market, knowledge of the industry, and meetings during which we obtained certain information. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those shown here and the variations may be material.

EXHIBIT L

[INTENTIONALLY OMITTED]

EXHIBIT M-1

**FORM OF NOTE
CITY NOTE 1**

**REGISTERED
NO. R-1**

MAXIMUM AMOUNT
\$ _____

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
(GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)
REDEVELOPMENT PROJECT AREA),
TAXABLE SERIES A**

Registered Owner: SLRDM 7400 South Rockwell South Development LLC

Interest Rate: ___% per annum

Maturity Date: December 31, 2023

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to and that certain Redevelopment Agreement (the "Redevelopment Agreement") dated as of the date hereof, up to the principal amount of \$6,093,318 and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of issuance of the Initial Completion Certificate

as set forth in Section 4.03 of the Redevelopment Agreement. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Accrued but unpaid interest on this Note shall also accrue at the interest rate per year specified above until paid. Principal of and interest on this Note from Available Incremental Taxes and/or Inflationary Incremental Taxes (as defined in the hereinafter defined Redevelopment Agreement) as set forth on the Debt Service Schedule attached hereto and subject to the limits set forth in the Redevelopment Agreement is due February 1 of each year until the earlier of Maturity (which in no event shall be later than the expiration of the Term of the Agreement, as defined in the Redevelopment Agreement) or until this Note is refunded, as provided for under the Redevelopment Agreement, or paid in full. Payments shall first be applied to interest. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Authorized Officer of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City. The Registered Owner of this Note shall note on the Payment Record attached hereto the amount and the date of any payment of the principal of this Note promptly upon receipt of such payment.

This Note is issued by the City in the principal amount of advances made from time to time

by the Registered Owner up to \$6,093,318 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by the Registered Owner (the "Project"), in connection with the Acquisition (as defined in the Redevelopment Agreement) and development of an approximately 18.4 acre site and construction of approximately 139 detached single family dwelling units in the Greater Southwest Industrial Corridor (East) Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) and an Ordinance adopted by the City Council of the City on _____, ____ (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal and interest of this Note. Reference is hereby made to the aforesaid Ordinance and the Redevelopment Agreement for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to this Note and the terms and conditions under which this Note is issued and secured. **THIS NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM AVAILABLE INCREMENTAL TAXES, AS SET FORTH AND SUBJECT TO THE LIMITS SET FORTH IN THE REDEVELOPMENT AGREEMENT, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE**

MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OR INTEREST OF THIS NOTE. The principal of this Note is subject to repayment or redemption on any date, as a whole or in part, in the City's sole discretion at a redemption price of 100% of the principal amount thereof being redeemed. There shall be no prepayment penalty. Notice of any such redemption shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

This Note is issued in fully registered form in the denomination of its outstanding principal amount. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations.

This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the fifteenth day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for redemption has been mailed,

nor during a period of five (5) days next preceding mailing of a notice of redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide.

Pursuant to the Redevelopment Agreement dated as of _____, _____ between the City and the Registered Owner (the "Redevelopment Agreement"), the Registered Owner has agreed to acquire certain Property described in the Redevelopment Agreement and construct the Project and to advance funds for the construction of certain facilities related to the Project on behalf of the City. Such funds up to \$6,093,318 as determined and adjusted pursuant to the Redevelopment Agreement shall be deemed to be a disbursement of the proceeds of this Note. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure executed by the Commissioner of the Department of Planning and Development (or his or her designee) in accordance with the Redevelopment Agreement, minus any principal amount paid on the Note or other reductions pursuant to the Redevelopment Agreement. The City shall not execute Certificates of Expenditure with respect to the Note that exceed \$6,093,318.

Pursuant to Section 15.02 of the Redevelopment Agreement, the City has reserved the right to suspend and/or terminate payments of principal and of interest on this Note upon the occurrence of certain conditions, and the City has reserved the right to offset liquidated damage amounts owed to the City against the principal amount outstanding under this Note. The City shall not be obligated to make payments under this Note if an Event of Default (as defined in the Redevelopment Agreement), or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. Such rights shall survive any transfer of this Note. The City and the Registrar

may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of _____, ____.

Mayor

(SEAL)

Attest:

City Clerk

**CERTIFICATE OF
AUTHENTICATION**

Registrar and Paying Agent
of the City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is one of the Tax Increment Allocation Revenue Note Greater Southwest Industrial Corridor (East) Redevelopment Project, Taxable Series 200_ A, of the City of Chicago, Cook County, Illinois.

Chief Financial Officer

Date:

PRINCIPAL PAYMENT RECORD

DATE OF PAYMENT

PRINCIPAL PAYMENT

**PRINCIPAL
BALANCE DUE**

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto the within Note and does hereby irrevocably constitute and appoint attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated:

Registered Owner

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the Note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Consented to by:

**CITY OF CHICAGO
DEPARTMENT OF PLANNING AND
DEVELOPMENT**

By: _____
Its: _____

City Note 1
Debt Service Schedule

CERTIFICATION OF EXPENDITURE

(Closing Date)

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$ _____ Tax Increment Allocation Revenue Note
(_____ Redevelopment Project, Taxable Series 200_ A)
(the "Redevelopment Note")

This Certification is submitted to you, Registered Owner of the Redevelopment Note, pursuant to the Ordinance of the City authorizing the execution of the Redevelopment Note adopted by the City Council of the City on _____, ____ (the "**Ordinance**"). All terms used herein shall have the same meaning as when used in the Ordinance.

The City hereby certifies that \$ _____ is advanced as principal under the Redevelopment Note as of the date hereof. Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance and has not been the basis of any previous principal advance. As of the date hereof, the outstanding principal balance under the Redevelopment Note is \$ _____, including the amount of this Certificate and less payment made on the Note.

IN WITNESS WHEREOF, the City has caused this Certification to be signed on its behalf as of (Closing Date).

CITY OF CHICAGO

By: _____
Commissioner
Department of Planning and
Development

AUTHENTICATED BY:

REGISTRAR

EXHIBIT M-2

**FORM OF TAX EXEMPT NOTE
CITY NOTE 2**

REGISTERED

MAXIMUM
AMOUNT

NO. R-1

\$_[]

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
(GREATER SOUTHWEST INDUSTRIAL CORRIDOR (EAST)
REDEVELOPMENT PROJECT AREA),
TAX EXEMPT SERIES B**

Registered Owner: SLRDM 7400 South Rockwell South Development, LLC

Interest Rate: ___% per annum [To be determined upon issuance]

Maturity Date: December 31, 2023

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Developer identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to and that certain Redevelopment Agreement (the “Redevelopment Agreement”) dated as of the date hereof, up to the principal amount of \$[] and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of issuance of this Note as set forth in Section 4.03 of the Redevelopment Agreement. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Accrued but unpaid interest on this Note shall also accrue at the interest rate per year

specified above until paid. Principal of and interest on this Note from Available Incremental Taxes and Inflationary Incremental Taxes (as defined in the Redevelopment Agreement) as set forth on the Debt Service Schedule attached hereto, and subject to the limits set forth in the Redevelopment Agreement is due February 1 of each year in the amount and subject to the limits set forth on in the Redevelopment Agreement of each year until the earlier of Maturity (which in no event shall be later than the expiration of the Term of the Agreement, as defined in the Redevelopment Agreement) or until this Note is paid in full. Payments shall first be applied to interest. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Chief Financial Officer of the City, as registrar and paying agent (the “Registrar”), at the close of business on the fifteenth day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City. The Registered Owner of this Note shall note on the Payment Record attached hereto the amount and the date of any payment of the principal of this Note promptly upon receipt of such payment

This Note is issued by the City in the principal amount of [\$] for the purpose of refunding City Note 1 Tax Increment Allocation Revenue Note (Greater Southwest Industrial Corridor (East) Redevelopment Project, Taxable Series A, previously issued for the purpose of

paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the acquisition and development of an approximately 18.4 acre site and construction of approximately 139 detached single family dwelling units in the Greater Southwest Industrial Corridor (East) Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) and an Ordinance adopted by the City Council of the City on _____, 2007 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area, which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal and interest of this Note. Reference is hereby made to the aforesaid Ordinance and the Redevelopment Agreement for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to this Note and the terms and conditions under which this Note is issued and secured. **THIS NOTE IS NOT A GENERAL OR MORAL OBLIGATION OF THE CITY BUT IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM AVAILABLE INCREMENTAL TAXES AND INFLATIONARY INCREMENTAL TAXES, AS SET FORTH AND SUBJECT TO THE LIMITS SET FORTH IN THE REDEVELOPMENT AGREEMENT, AND SHALL BE A VALID CLAIM OF THE DEVELOPER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY,**

WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OR INTEREST OF THIS NOTE. The principal of this Note is subject to prepayment or redemption on any date, as a whole or in part, in the City's sole discretion at a redemption price of 100% of the principal amount thereof being redeemed except during the Lock-Out Period (as such term is defined in the Redevelopment Agreement). There shall be no prepayment penalty. The principal of the Note may not be prepaid during any Lock-Out Period as defined in the Redevelopment Agreement. Notice of any such redemption shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

This Note is issued in fully registered form in the denomination of its outstanding principal amount. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations.

This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of

business on the fifteenth day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide.

Pursuant to the Redevelopment Agreement dated as of _____, ____ between the City and the Developer (the "Redevelopment Agreement"), the Developer has agreed to construct the Project.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, the City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of _____, ____.

Mayor

(SEAL)
Attest:

City Clerk

**CERTIFICATE
OF
AUTHENTICATION**

Registrar
and Paying Agent
of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the Tax Increment Allocation Revenue Note (Greater Southwest Industrial Corridor (East) Redevelopment Project Area), Taxable Series 200_, of the City of Chicago, Cook County, Illinois.

Chief Financial Officer
Date:

PRINCIPAL PAYMENT RECORD

DATE OF PAYMENT

PRINCIPAL PAYMENT

PRINCIPAL BALANCE DUE

(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto the within Note and does hereby irrevocably constitute and appoint attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Registered Owner

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the Note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Consented to by:

CITY OF CHICAGO
DEPARTMENT OF PLANNING AND DEVELOPMENT

BY:

ITS:

City Note 2
Debt Service Schedule

Exhibit N

The Developer will provide checks totaling an amount not to exceed \$20,000 made payable to the Park Local Advisory Councils on or before March 31, 2008. The specific amount of each check will be determined by DPD.

Bogan Park
Dooley Park
Durken Park
Hayes Park
Marquette Park
Scottsdale Park
Tarkington Park
Dawes Park
O Halaren Par

EXHIBIT O

FORM OF SUBORDINATION AGREEMENT

[INTENTIONALLY OMITTED]

EXHIBIT P

[INTENTIONALLY OMITTED]

EXHIBIT Q

ROAD WORK

The design and construction of the Road Work shall include but not be limited to, the design and construction of all necessary public utilities, roads, curbs, gutters, pavement, and sidewalks located within the areas to be dedicated to the City as indicated in the Final Plat of Subdivision Marquette Village (to be attached hereto as Exhibit Q-1). Such design and construction shall be consistent with procedures and shall conform to specifications of the City of Chicago Department of Transportation and other Departments of the City governing such Road Work.

EXHIBIT R

MORTGAGE, SECURITY AND RECAPTURE AGREEMENT

[SEE ATTACHED]

This instrument prepared by
and after recording return to:

_____, Esq.

City of Chicago Law Department - Finance Division
121 North LaSalle Street - Room 600
Chicago, IL 60602

**MORTGAGE, SECURITY AND RECAPTURE AGREEMENT, INCLUDING
RESIDENCY, TRANSFER, FINANCING AND AFFORDABILITY COVENANTS
(Compliant with the Owner-Occupied Housing Features of the
Affordable Housing Ordinance of 2003)**

CITY AFFORDABILITY AMOUNT

AFFORDABILITY PERIOD

\$ _____ [FILL IN HERE AND IN ART. I]

30 Years

THIS MORTGAGE, SECURITY AND RECAPTURE AGREEMENT, INCLUDING RESIDENCY, TRANSFER, FINANCING AND AFFORDABILITY COVENANTS (this "**Mortgage**") is made as of this ___ day of _____, 200__ from [INSERT NAME(S) AND DESCRIBE MARITAL STATUS] _____ [IF RECIPIENT IS ONE PERSON: (the "**Mortgagor**"),] [IF RECIPIENT IS MORE THAN ONE PERSON: (collectively, jointly and severally referred to herein as the "**Mortgagor**"),] to the CITY OF CHICAGO, an Illinois municipal corporation, acting by and through its Department of Planning and Development, and having its principal office at City Hall, 121 N. LaSalle Street - Room 1000, Chicago, Illinois 60602 (the "**City**" or "**Mortgagee**"). Capitalized terms not otherwise defined herein shall have the meaning set forth in Section 1.

RECITALS

A. On April 9, 2003, the City Council of the City adopted the Affordable Housing Ordinance, codified at Chapter 2-44-090 of the Municipal Code of the City, which obligates the City to impose certain affordability and recapture requirements upon developers who undertake residential development projects that receive City assistance either in the form of the sale of City land at less than fair market value or in the form of financial assistance.

B. The City and SLRDM South Rockwell Development, LLC, an Illinois limited liability company ("**Developer**"), have executed that certain SLRDM South Rockwell Development, LLC Redevelopment Agreement dated [_____, 2007] and recorded in the Office of the Recorder of Deeds of Cook County as document # _____ (the "**Redevelopment Agreement**"). Pursuant to the Redevelopment Agreement, the Developer has constructed a mixed-use retail/commercial/residential-condominium facility, including certain units affordable to households earning no more than 100% of AMI consistent with the affordability guidelines established by the Chicago Department of Housing (the "Affordability Covenants") on the real property legally described on **Exhibit A** (such real property, the "**Property**" and such project, the "**Project**"). As part of the Project, the Developer has constructed on the real property legally described on **Exhibit B** attached hereto (the "**Land**") a single family dwelling unit, (the "**Home**").

C. Pursuant to the Redevelopment Agreement, the City sold and conveyed a portion of the Property the Property to the Developer for a price that is less than the fair market value of that portion of the Property and provided a grant of City funds to the Developer in an amount of not to exceed \$6,093,318.

D. Pursuant to the Affordability Housing Ordinance, the Developer acknowledges that it is required to sell the Mortgaged Property to Mortgagor for the Base Purchase Price, plus upgrades, subject to Mortgagor's execution of this Mortgage in favor of Mortgagee, which Mortgage secures the residency, transfer, financing and affordability covenants set forth in Section 3 of this Mortgage (such covenants, the "**Affordability Covenants**"), which covenants shall run with the Land and are intended to assure that the City achieves the affordable housing objectives of the Affordability Housing Ordinance and complies with the affordability and recapture provisions of the Affordability Housing Ordinance.

E. The Affordability Covenants require that, among other things, with respect to the initial sale of the Mortgaged Property (in connection with which this Mortgage is being granted), and with respect to each resale of the Mortgaged Property during the Affordability Period (unless Mortgagor is permitted and elects to repay to the City the Recapture Amount), such Mortgaged Property may only be sold to a Qualified Household for an Affordable Price.

F. Mortgagor has covenanted to Mortgagee herein that it is a Qualified Household and that the Base Purchase Price is an Affordable Price.

G. Mortgagor acknowledges and agrees that, as of the Purchase Date, the Base Purchase Price is less than the fair market price for the Mortgaged Property by an amount equal to the City Affordability Amount, as evidenced by contemporaneous or projected sales of comparable homes.

H. Mortgagor acknowledges and agrees that, but for the City's imposition of the Affordability Covenants, Mortgagor would have been unable to purchase the Mortgaged Property for an Affordable Price.

I. The City has required Mortgagor to execute this Mortgage in order to both (a) impose the Affordability Covenants upon the Mortgaged Property and give notice of the Affordability Covenants to Mortgagor, to any subsequent purchaser of the Mortgaged Property, and to any lender having a mortgage secured by the Mortgaged Property, and (b) to secure the payment of the Recapture Amount described in Section 4.02 hereof and Mortgagor's other obligations under this Mortgage.

J. In consideration of the benefits accruing to Mortgagor as a result of its purchase of the Mortgaged Property for an Affordable Price, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor has executed and delivered to the City this Mortgage.

NOW, THEREFORE, to secure the performance and observance by Mortgagor of all the terms, covenants and conditions described herein, and in order to charge the properties, interests and rights hereinafter described with such consideration, Mortgagor has executed and delivered this Mortgage and does hereby grant, convey, assign, mortgage, grant a security interest in, and confirm unto Mortgagee and its successors and assigns forever, all of Mortgagor's right, title and interest in the following described property (which is hereinafter sometimes referred to as "Mortgaged Property"):

(A) The Land and, if such Land constitutes a common element under applicable condominium property law, Mortgagor's undivided interest therein and in any common elements and limited common elements associated therewith;

(B) The Home and all easements, rights, interests and appurtenances thereto, including, without limitation, any deeded, reserved or assigned parking area or storage space and any interest in common elements and limited common elements associated therewith;

(C) All structures and improvements of every nature whatsoever now or hereafter located on the Land or situated within or comprising a part of the Home, including, without limitation, all fixtures of every kind and nature whatsoever which are or shall be attached to said buildings, structures or improvements, and now or hereafter owned by Mortgagor, including all extensions, additions, improvements, betterments, renewals and replacements of any of the foregoing (the "Improvements"); and

(D) All rents and issues of the Land, Home and Improvements from time to time and all of the estate, right, title, interest, property, possession, claim and demand at law, as well as in equity of Mortgagor, in and to the same;

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Mortgagee, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein;

WITHOUT limitation of the foregoing, Mortgagor hereby further grants unto Mortgagee, pursuant to the provisions of the Uniform Commercial Code of the State of Illinois, a security interest in all of the above-described property, which are or are to become fixtures.

THIS MORTGAGE IS GIVEN TO SECURE: (a) payment of all Recapture Amounts described herein, (b) performance of the Affordability Covenants, and (c) the payment and performance of all other obligations, covenants, conditions and agreements contained herein and in any other agreement, document or instrument to which reference is expressly made in the Mortgage.

ARTICLE I

INCORPORATION OF RECITALS; DEFINITIONS

The recitals set forth above constitute an integral part of the Mortgage and are hereby incorporated herein by this reference with the same force and effect as if set forth herein as the agreement of the Mortgagor.

As used herein, the following capitalized terms shall be defined as follows:

"**Affordability Covenants**" shall mean the affordability covenants and requirements contained in Section 3 hereof and Exhibit C hereto.

"**Affordability Period**" shall mean the 30-year period commencing on the Purchase Date.

"**Affordable Price**" shall mean an amount less than or equal to the price at which Monthly Homeownership Costs for the Mortgaged Property would total not more than 30% of household income for a household with a family size equal to the product of 1.5 multiplied by the number of bedrooms in the Mortgaged Property whose income is the maximum amount allowable for such household to qualify as a Qualified Household.

"**Base Purchase Price**" shall mean \$ _____, which is the base purchase price the Mortgagor paid the Developer for the Mortgaged Property pursuant to the requirements of the Redevelopment Agreement.

"City Affordability Amount" shall mean \$ _____, constituting the dollar difference between the market value of the Mortgaged Property at the time of its purchase from Developer (based on appraisals, comparable sales or similar evidence reasonably acceptable to the City's Department of Planning and Development) and the Base Purchase Price.

"Monthly Homeownership Costs" shall mean the sum of the following estimated amounts:

(i) monthly principal and interest payments on a 30-year fixed rate purchase money mortgage in the amount of 95% of the purchase price of the Mortgaged Property, bearing interest at a rate equal to the prevailing rate as published in the Chicago Tribune (or posted on the internet website maintained by the Chicago Tribune) as of the date of calculation of Monthly Homeownership Costs, rounded up to the nearest quarter percent;

(ii) annual estimated real property taxes for the Mortgaged Property (based upon the most recently issued real estate tax bill), divided by 12;

(iii) annual insurance premiums for the Mortgaged Property, divided by 12, for homeowners' insurance in the amount of the replacement value of the Mortgaged Property; and

(iv) monthly condominium assessment payments or similar homeowners' association payments for the Mortgaged Property, if applicable.

"Purchase Date" shall mean the date on which the Mortgagor purchased the Mortgaged Property, which shall be deemed to be the date on which this Mortgage is recorded.

"Purchase Price" shall mean \$ _____, being the sum of the Base Purchase Price plus upgrades.

"Qualified Household" shall mean a single person, family or unrelated persons living together whose adjusted income is not more than 100% of the Chicago-area median income, adjusted for family size, as such adjusted income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United States Housing Act of 1937. As of the Purchase Date, such income limitations are as follows [CURRENT INFORMATION MUST BE OBTAINED FROM HUD JUST PRIOR TO CLOSING DATE]:

<u># of Persons In Household</u>	<u>100% of AMI</u>
1	\$52,800
2	\$60,300
3	\$67,900
4	\$75,400

5	\$81,400
6	\$87,500

"Recapture Amount" shall mean an amount, determined as of any applicable determination date, equal to the City Affordability Amount plus simple, non-compounding interest on such amount at the rate of three percent (3.0%) per annum (assuming twelve 30 day months) calculated from the Purchase Date to the date of the Recapture Default. For example, if (a) this Mortgage was recorded January 1, 2005, (b) the date of the Recapture Default was July 1, 2011, and (c) the City Affordability Amount was \$20,000, then (i) the interest on the City Affordability Amount would be \$3,900 (\$600/year for 6 years, plus \$300 for one half-year), and (ii) the Recapture Amount would be \$23,900 (\$20,000 plus \$3,900).

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

Mortgagor covenants and agrees with Mortgagee that, at all times during the Affordability Period:

2.01 **Taxes and Assessments.** (a) Mortgagor will pay when due all general taxes and assessments (including, without limitation, any condominium or homeowners' association assessments, if applicable), special assessments, water charges and all of the charges against the Mortgaged Property and shall, upon written request, furnish to Mortgagee receipts evidencing payment thereof, provided that Mortgagor, in good faith and with reasonable diligence, may contest the validity or amount of any such taxes, assessments or charges, provided that during any such contest the enforcement of the lien of such taxes, assessments or charges is stayed.

(b) Mortgagor will not suffer (unless bonded or insured over) any mechanic's, laborer's, materialmen's or statutory lien to remain outstanding upon any of the Mortgaged Property. Mortgagor may contest such lien, provided that Mortgagor shall first post a bond in the amount of the contested lien, or provide title insurance over such contested lien, and further provided that Mortgagor shall diligently prosecute the contested lien and cause the removal of the same.

2.02 **Insurance.** Mortgagor shall keep the Mortgaged Property continuously insured (or shall use reasonable efforts to cause the condominium or homeowners' association, as applicable, to keep insured such parts of the Mortgaged Property as may be required to be insured by such association under the applicable declaration) in such amounts and against such risks as required of Mortgagor by the Senior Lender, paying the premiums for said insurance as they become due. Policies of insurance shall name Mortgagee as an additional insured. All policies of insurance shall provide that the same shall not be canceled, except upon 30 days prior written notice to Mortgagee.

2.03 Maintenance of the Property. (a) Mortgagor shall preserve and maintain the Mortgaged Property in good condition and repair, will not commit or suffer any waste thereof, and will keep the same in a clean, orderly and attractive condition. Mortgagor shall not do or suffer to be done anything which will increase the risk of fire or other hazard to the Mortgaged Property or any part thereof.

(b) If the Mortgaged Property or any part thereof is damaged by fire or any other cause, Mortgagor will immediately give written notice of the same to Mortgagee.

(c) Mortgagee or its representatives shall have the right to inspect the Mortgaged Property to assure compliance with the terms of this Mortgage.

(d) Mortgagor shall promptly comply, and cause the Mortgaged Property to comply, with all present and future laws, ordinances, orders, rules and regulations and other requirements of any governmental authority affecting the Mortgaged Property or any part thereof and with all instruments and documents of record or otherwise affecting the Mortgaged Property or any part thereof.

(e) If all or any part of the Mortgaged Property shall be damaged by fire or other casualty, Mortgagor (subject to the rights of the Board of Managers of the condominium or homeowners' association, if applicable, with respect to any proceeds applicable to common elements or limited common elements), will promptly restore the Mortgaged Property to the equivalent of its condition prior to the casualty, to the extent of any insurance proceeds made available to Mortgagor for that purpose.

2.04 Subordination. This Mortgage shall be subject and subordinate in all respects to that certain mortgage dated as of _____, 200__, between Mortgagor and _____ (the "**Senior Lender**"), recorded with the Office of the Recorder of Deeds of Cook County, Illinois on _____, 200__ as document # _____ (the "**Senior Mortgage**"), to secure indebtedness in the original principal amount not to exceed the Base Purchase Price. This Mortgage shall also be subordinate to any subsequent mortgage that refinances the Senior Mortgage, so long as such refinancing is not in an amount greater than the Base Purchase Price.

2.05 Income Eligibility. Mortgagor represents and warrants to Mortgagee that, based on Mortgagor's household income, as of the time of Mortgagor's execution of its purchase contract for the Mortgaged Property, Mortgagor's household was a Qualified Household as of such date

2.06 Foreclosure of Senior Mortgage. In the event of a transfer of title of the Mortgaged Property through foreclosure or recording of deed in lieu of foreclosure to the Senior Lender pursuant to the Senior Mortgage, Mortgagee acknowledges and agrees that the Affordability Covenants and any other provisions contained herein restricting the sale and occupancy of the Mortgaged Property to buyers or occupants which meet the income eligibility requirements of the Affordability Housing Ordinance shall be released and shall have no further force or effect; provided, however, that all such Affordability Covenants and restrictions shall be revived according to the original terms if, during the Affordability Period, the Mortgagor or any member of Mortgagor's household or family reacquires an ownership interest in the Mortgaged Property. Any other person (including the successors and/or assigns of Senior Lender) receiving title to the Mortgaged Property through a foreclosure or deed in lieu of foreclosure of the Senior Mortgage shall also receive title to the Mortgaged Property free and clear of such restrictions.

Further, if Senior Lender acquires title to the Mortgaged Property pursuant to a deed in lieu of foreclosure, the lien of this Mortgage and the restrictions contained herein shall automatically terminate upon the Senior Lender's acquisition of title to the Mortgaged Property, provided that: (i) the Senior Lender has given written notice to Mortgagor of a default under the Senior Mortgage in accordance with its terms; (ii) the Mortgagor shall not have cured the default under the Senior Mortgage within any applicable cure period(s) provided for therein; and (iii) any proceeds from any subsequent sale of the Mortgaged Property, if any, which Mortgagee is entitled to receive after payment of all amounts due pursuant to the Senior Mortgage and pursuant to this Mortgage, are paid to Mortgagee.

ARTICLE III

RESIDENCY, TRANSFER, FINANCING AND AFFORDABILITY COVENANTS

Mortgagor covenants to comply with the residency, transfer, financing and affordability covenants set forth in **Exhibit C**, which covenants are materially related to the City's affordable housing objectives of the Affordability Housing Ordinance.

ARTICLE IV

DEFAULT

4.01 Events of Default. The terms "**Event of Default**" or "**Events of Default**," wherever used in the Mortgage, shall mean any one or more of the following events:

(a) a failure by Mortgagor to comply with any of the Affordability Covenants set forth in **Exhibit C**.

(b) failure by Mortgagor to duly observe or perform any other material term, covenant, condition or agreement in the Mortgage after the expiration of the applicable cure periods provided in Section 4.02; or

(c) a default continuing beyond all applicable cure periods under the Senior Mortgage and permitting foreclosure thereunder.

4.02 City Remedies. The City shall have the following remedies, depending on the nature and timing of the Event of Default:

(a) Recapture Defaults. If an Event of Default arising from a breach of one or more of the covenants set forth in Exhibit C occurs, (such a default, a "**Recapture Default**"), the City may seek specific enforcement of the Affordability Covenants and any other remedies available under this Mortgage. The City, in its sole discretion, and in lieu of its specific enforcement of the Affordability Covenants, may elect to require payment of the Recapture Amount in the event that the City determines that specific enforcement of the Affordability Covenants is impractical or inappropriate. If Mortgagor pays to the City the Recapture Amount pursuant to an election by the City to accept same, then the City shall have no other remedy with respect to such Event of Default and shall be obligated to execute and deliver a release of this Mortgage in recordable form and any subsequent transferee shall not be bound by any Affordability Covenants or otherwise required to execute and deliver any mortgage in favor of the City.

(b) Other Mortgage Defaults. If an Event of Default occurs that is not a Recapture Default, and such default involves a failure to make timely payment of any amount due and secured by this Mortgage or the Senior Mortgage and such failure is not cured within 10 days of the Mortgagee's delivery of written notice of such failure to Mortgagor (a "**Monetary Event of Default**"), then Mortgagee shall be entitled to immediately: (i) declare the Recapture Amount immediately due and payable (with such Monetary Event of Default date being also being deemed the Recapture Default date for purposes of computing such amount); and (ii) exercise any other remedies available under this Mortgage (including, without limitation, specific enforcement of the Affordability Covenants any time prior to the end of the Affordability Period of this Mortgage), in either instance without further notice or demand.

(c) If an Event of Default occurs by Mortgagor failing to perform any other non-monetary obligation required under this Mortgage that is not described in Section 4.02(a) or (b) and such failure is not cured within 60 days of the Mortgagee's delivery of written notice of such failure to Mortgagor, Mortgagee shall be entitled to immediately: (i) declare the Recapture Amount immediately due and payable (with such non-monetary Event of Default date being also being deemed the Recapture Default date for purposes of computing such amount); and (ii) exercise any other remedies available under this Mortgage (including, without limitation, specific enforcement of the Affordability Covenants any time prior to the end of the Affordability Period of this Mortgage), in either instance without further notice or demand. In the event such default cannot reasonably be cured within such 60-day period, however, and if Mortgagor has commenced efforts to cure such default, then the time to cure shall be extended so long as said party diligently continues to cure such default.

(d) If an event of default occurs under the Senior Lender's security documents (after the giving of any applicable notice and lapse of any applicable cure period, if any) and the Senior Lender commences efforts to foreclose its mortgage (or obtain a deed-in-lieu-of-foreclosure), obtain appointment of a receiver for the Mortgaged Property, or obtain possession of the Mortgaged Property, such event of default shall (notwithstanding anything in this Section 4.02 to the contrary) constitute an immediate Event of Default under this Mortgage and the Mortgagee shall be entitled to immediately: (i) declare the Recapture Amount immediately due and payable (with such commencement date being also deemed the Recapture Default date for purposes of computing the Recapture Amount); and (ii) exercise any other remedies available under this Mortgage, in either instance without further notice or demand.

4.03 Other Remedies. (a) If any amounts due under and secured by this Mortgage shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such indebtedness or part thereof. This Mortgage and the right of foreclosure hereunder shall not be impaired or exhausted by any foreclosure of the Senior Mortgage, and may be foreclosed successively and in parts, until all of the Mortgaged Property has been foreclosed against. In any such foreclosure, or upon the enforcement of any other remedy of Mortgagee, there shall be allowed and included as additional indebtedness all expenditures and expenses which may be paid or incurred by or on behalf of Mortgagee for reasonable attorneys' fees, appraisers' fees, outlays for documentary and expert evidence, stenographers' charges, publication costs, and costs involved in title insurance and title examinations. All expenditures and expenses of the nature in this Section 4.03 mentioned, and such expenses and fees as may be incurred in the protection of the Mortgaged Property and the maintenance of the lien of this Mortgage, including the reasonable fees of any attorney employed by Mortgagee in any litigation or proceeding affecting this Mortgage, or the Mortgaged Property, including probate and bankruptcy proceedings, or in preparation for the commencement or defense of any proceeding or threatened suit or proceeding, shall be immediately due and payable by Mortgagor, with interest thereon at the lesser of the highest rate permitted by law or fifteen percent (15%) per annum, and shall be secured by this Mortgage. The proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incidental to the foreclosure proceedings, including all such items as are mentioned in this section; (ii) repayment of the indebtedness owed to the Senior Lender, subject to the limitation in Section 2.04; (iii) repayment of any other amounts due under this Mortgage; and (iv) payment of any remaining amounts due to Mortgagor, its successors or assigns, as their rights may appear.

(b) Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Mortgaged Property marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. To the extent permitted by law, Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on such Mortgagor's behalf and on behalf of each and every person, except decree or judgment creditors of Mortgagor, acquiring any interest in or title to the Mortgaged Property subsequent to the date of this Mortgage.

(c) Upon any other entering upon or taking of possession of the Mortgaged Property after the occurrence of an Event of Default and the expiration of the applicable cure period and other than by means of a foreclosure, Mortgagee, subject to the rights of the Senior Lender, may hold, use, manage and control the Mortgaged Property and, from time to time: (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property required in connection therewith; (ii) insure or keep the Mortgaged Property insured; (iii) manage the Mortgaged Property and exercise all the rights and powers of Mortgagor to the same extent as Mortgagor could in its own name or otherwise with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Mortgagee, all as Mortgagee from time to time may reasonably determine to be to its best advantage. Mortgagee may collect and receive all the rents, issues, profits and revenues of the same, including those past due as well as those accruing thereafter, and, after deducting to the extent reasonable: (aa) expenses of taking, holding and managing the Mortgaged Property (including compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisitions; (cc) the cost of such insurance; (dd) such taxes, assessments and other similar charges as Mortgagee may determine to pay; (ee) other proper charges upon the Mortgaged Property or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of Mortgagee, shall apply the remainder to the payment of amounts due under this Mortgage. The balance of such funds, if any, after payment in full, of all of the aforesaid amounts shall be paid to Mortgagor.

(d) Mortgagee may also seek specific performance or injunctive relief in order to enforce the provisions of this Mortgage.

4.04 Receiver. Subject to the rights of the Senior Lender, if an Event of Default shall have occurred and be continuing after an applicable cure period has expired, Mortgagee, upon application to a court of competent jurisdiction, shall be entitled to the appointment of a receiver to take possession of and to operate the Mortgaged Property and to collect and apply the rents, issues, profits and revenues thereof. The receiver shall otherwise have all of the rights and powers to the fullest extent permitted by law.

4.05 Purchase by Mortgagee. Upon any foreclosure sale, Mortgagee may bid for and purchase the Mortgaged Property and shall be entitled to apply all or any part the Recapture Amount and other amounts due under and secured by this Mortgage as a credit to the purchase price.

4.06 Remedies Cumulative. No right, power or remedy conferred upon or reserved to Mortgagee by this Mortgage is intended to be exclusive of any other right, power or remedy, but each and every right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy given hereunder or now or hereafter existing at law, in equity or by statute.

4.07 Waiver. No delay or omission of Mortgagee to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. No consent or waiver, expressed or implied, by Mortgagee to or of any breach or Event of Default by Mortgagor in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or Event of Default in the performance of the same or any other obligations of Mortgagor hereunder. Failure on the part of Mortgagee to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Mortgagee of its rights hereunder or impair any rights, powers or remedies on account of any breach or default by Mortgagor.

ARTICLE V

MISCELLANEOUS PROVISIONS

5.01 Successors and Assigns. This Mortgage shall inure to the benefit of and be binding upon Mortgagor and its respective legal representatives, successors and assigns. Whenever a reference is made in this Mortgage to Mortgagor, such reference shall be deemed to include a reference to legal representatives, successors and assigns of Mortgagor, as applicable.

5.02 Terminology. All personal pronouns used in this Mortgage, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. Titles and sections are for convenience only and neither limit nor amplify the provisions of this Mortgage, and all references herein to articles, sections or paragraphs shall refer to the corresponding articles, sections or paragraphs of this Mortgage unless specific reference is made to such articles, sections or paragraphs of another document or instrument.

5.03 Severability. If any provision of this Mortgage or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Mortgage and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the extent permitted by law.

5.04 Security Agreement. This Mortgage shall be construed as a "Security Agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property which constitutes fixtures. Mortgagee shall have all the rights with respect to such fixtures afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement.

5.05 Modification. No change, amendment, modification, cancellation or discharge hereof, or of any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns. Mortgagor shall have no right to convey the Mortgaged Property into a land trust without obtaining the prior written consent of the City.

5.06 No Merger. It being the desire and intention of the parties that this Mortgage and the lien hereof do not merge in fee simple title to the Mortgaged Property, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to said property or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee as evidenced by an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

5.07 Applicable Law. This Mortgage shall be interpreted, construed and enforced under the laws of the State of Illinois, without regard to its conflict of laws principles.

5.08 Administration. All consents, approvals, modifications, waivers, adjustments or other actions of the City described herein shall be made in writing by the City, acting through its Department of Planning and Development, or any successor department thereto. All notices, requests, or other communications to the City hereunder shall be made to the Department of Planning and Development at the following address: 121 North LaSalle Street - Room 1000, Chicago, Illinois 60602, Attention: Commissioner.

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IN WITNESS WHEREOF, the undersigned has caused this Mortgage to be executed as of the day and year first above written.

MORTGAGOR(S):

STATE OF ILLINOIS)

)

COUNTY OF COOK)

I, _____, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____ [and _____] to me as the same person(s) whose name(s) is/are subscribed to the foregoing instrument, appeared before me this day in person and being first duly sworn by me acknowledged that he/she/they signed and delivered the said instrument as his/her/their free and voluntary act, for the uses and purposes therein set forth. Given under my hand and notarial seal this ____ day of _____, 200__.

Notary Public

My commission expires _____.

Exhibit A

Legal Description of Property

Exhibit B

Legal Description of Land

Exhibit C

Residency, Transfer, Financing and Affordability Covenants

In consideration of the requirements of the Affordability Housing Ordinance that apply to the Developer and that have enabled the Mortgagor to Purchase the Mortgaged Property for the Base Purchase Price, Mortgagor covenants to Mortgagee that:

(a) Mortgagor meets the income eligibility requirements established under the Affordability Housing Ordinance in order to qualify as a Qualified Household under such ordinance;

(b) During the Affordability Period, Mortgagor shall own the Mortgaged Property, shall not lease the Mortgaged Property, shall use the Mortgaged Property as its primary residence (and the primary residence of Mortgagor's Qualified Household), and will not let any other person occupy or use the property without the prior written consent of the City, which shall be in the City's reasonable discretion, and which, if granted, will require that the total amount payable by any tenant household not exceed the amount set forth to qualify such housing as "affordable housing" as defined in the Illinois Affordable Housing Act, 310 ILCS 65/1 et seq;

(c) During the Affordability Period, Mortgagor shall not sell or otherwise directly or indirectly transfer ownership of the Mortgaged Property, except (i) to a Qualified Household, (ii) for an Affordable Price, and provided that (iii) the transferee Qualified Household executes a mortgage, security and recapture agreement in similar form to this Mortgage. **Mortgagor shall confer with the City's Department of Planning and Development before entering into a sale contract involving the Mortgaged Property for assistance in determining the qualifications of any proposed transferee and the eligible resale price of the Mortgaged Property.** Any transfer of ownership (x) resulting from Mortgagor's death and occurring pursuant to (i) the terms of a written land trust, personal trust or will, or (ii) state intestacy law, (y) to a spouse or member of Mortgagor's Qualified Household, or (z) that simply consists of Mortgagor's transfer (with the prior written consent of the City to such transfer) of the Mortgaged Property into a land trust or personal trust of which Mortgagor is the sole beneficiary and holder of power of direction, as applicable, shall not be subject to the foregoing transfer restriction, provided, however, that the transferee in any such transfer shall be bound by all of the affordable housing covenants contained in this Mortgage. If Mortgagor attempts or purports to transfer the Mortgaged Property to a transferee in violation of any one or more of the conditions in clauses (i), (ii) and (iii), such attempted or purported transfer shall constitute an immediate Event of Default under Section 4.01(a).

(d) During the Affordability Period, it shall not encumber the Mortgaged Property with any one or more mortgages which, individually or in aggregate, secures initial principal indebtedness in excess of the Base Purchase Price.

The Affordability Covenants in this **Exhibit C** may be waived or modified in writing by the City, upon a showing of undue hardship or changed circumstances that would make the enforcement of such covenants inequitable or impractical, as determined by the City in its sole discretion.

Upon either a permitted transfer described in clause (c)(iii) above or a transfer accompanied by a repayment of the Recapture Amount in accordance with the terms of this Mortgage, the City will, upon 10 business days prior written notice, execute and deliver a "Certificate of Transfer" confirming that such transfer is a permitted transfer hereunder and effective to deliver legal title to the transferee. In addition, within 30 days of receipt of a written request from Mortgagor, Mortgagee shall execute a release of the Mortgage in recordable form.

MORTGAGOR ACKNOWLEDGES AND AGREES THAT, TO THE EXTENT THE AFFORDABILITY COVENANTS, ANYTHING IN THIS **EXHIBIT C**, OR ANY OTHER PROVISION IN THIS MORTGAGE COULD BE DEEMED A RESTRAINT ON ALIENATION, THAT ANY SUCH RESTRAINT (A) IS REASONABLE, (B) IS, AS EXPLAINED IN THE RECITALS HERETO, SUPPORTED BY ADEQUATE CONSIDERATION, (C) IS NECESSARY TO IMPLEMENT THE CITY'S PUBLIC POLICY OBJECTIVE OF DEVELOPING AND MAINTAINING AFFORDABLE HOUSING, (D) SHOULD BE ENFORCED AS WRITTEN, AND (E) WAS A MATERIAL INDUCEMENT TO THE CITY'S DECISION TO PROVIDE THE LAND OR THE PROPERTY AND THE FINANCIAL SUBSIDY TO THE DEVELOPER, WHICH DECISION HAS IMPLEMENTED THE AFFORDABILITY COVENANTS REQUIRED BY LAW AND HAS ENABLED MORTGAGOR TO BUY THE MORTGAGED PROPERTY FOR THE PURCHASE PRICE, WHICH PRICE IS MATERIALLY LESS THAN THE FAIR MARKET VALUE PRICE. MORTGAGOR, THEREFORE, KNOWINGLY AND VOLUNTARILY, TO THE FULLEST EXTENT PERMITTED BY LAW, WAIVES THE RIGHT TO RAISE ANY DEFENSE TO THE ENFORCEMENT OF THE AFFORDABILITY COVENANTS, WHETHER AT LAW OR IN EQUITY.