

DOCUMENT CERTIFICATION

Certified to be a true and correct copy of the original
of the following document:

PGS BRONZEVILLE III LIMITED PARTNERSHIP
REDEVELOPMENT AGREEMENT

Recorded on DECEMBER 29, 2016,

In the Office of the Recorder of

COOK County, Illinois

As Document Number 1636444099

DATE: DECEMBER 30, 2016

TITLE SERVICES, INC.

BY:  _____

Name: MARSHALL SNOW

212614

This agreement was prepared by and after recording return to:

Randall Johnson, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602



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KAREN A. YARBROUGH

COOK COUNTY RECORDER OF DEEDS

DATE: 12/29/2016 04:37 PM PG: 1 OF 74

PGS BRONZEVILLE III LIMITED PARTNERSHIP REDEVELOPMENT AGREEMENT

This PGS Bronzeville III Limited Partnership Redevelopment Agreement (this "**Agreement**") is made as of December 1, 2016, by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Planning and Development ("**DPD**"), PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "**Developer**"), Grand Boulevard Housing IV, LLC, an Illinois limited liability company and the general partner of the Developer (the "**General Partner**"), and Bronzeville Housing and Community Development Corporation, an Illinois not-for-profit corporation, and a member of the General Partner ("**BHCDC**"). The Developer, the General Partner and BHCDC may collectively be referred to hereinafter as the "**Developer Parties**."

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.

CCRD REVIEWER

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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 ordinances on March 27, 2002: **(1)** "An Ordinance of the City of Chicago, Illinois Approving a Tax Increment Redevelopment Plan for the 47th/King Redevelopment Project Area;" **(2)** "An Ordinance of the City of Chicago, Illinois Designating the 47th/King Redevelopment Project Area as a Tax Increment Financing District;" and **(3)** "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the 47th/King Redevelopment Project Area" (the "**47th/King TIF Adoption Ordinance**") (items (1)-(3) collectively referred to herein as the "**TIF Ordinances**," the redevelopment plan approved by the TIF Ordinances is referred to herein as the "**47th/King Redevelopment Plan**" and the redevelopment project area created by the TIF Ordinances is referred to herein as the "**47th/King Redevelopment Area**").

D. The Project: The Developer will acquire certain property located within the 47th and King Drive Redevelopment Area at 401 East Bowen Avenue, Chicago, Illinois and legally described on **Exhibit B** hereto (the "**Property**") and, within the time frames set forth in **Section 3.01** hereof, shall commence and complete the rehabilitation of an twenty-story building on the Property, which will include 180 residential dwelling units, along with a common area, service and management offices, and approximately 70 surface parking spaces (the "**Facility**"). The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on **Exhibit C**) and full compliance by the Developer, as determined by DPD in its sole discretion, with the DPD-approved relocation plan (the "**Relocation Plan**") required in connection with tenants currently residing in the Facility before the commencement of the rehabilitation are collectively referred to herein as the "**Project**." 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 the 47th and King Drive Redevelopment Plan and Project (the "**Redevelopment Plan**") attached hereto as **Exhibit D**.

F. City Financing: The City agrees to use, in the amounts set forth in **Section 4.03** hereof, Available Incremental Taxes (as defined below), to pay for or reimburse any of the Developer Parties for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

In addition, as described in **Section 8.05** hereof, the City may, in its discretion, issue tax increment allocation bonds ("**TIF Bonds**") secured by Incremental Taxes (as defined herein) pursuant to a TIF bond ordinance (the "**TIF Bond Ordinance**"), the proceeds of which (the "**TIF Bond Proceeds**") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Available Incremental Taxes, or in order to reimburse the City for the costs of TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Developer Parties or the Project; provided, further, that the proceeds of TIF Bonds issued on a tax-exempt basis cannot be used as a source of City Funds or to repay the City Funds.

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.

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

“Available Incremental Taxes” shall mean an amount equal to the Incremental Taxes deposited in the TIF Fund attributable to the taxes levied on the the 47th and King Drive Redevelopment Area as of the date any payment is made under this Agreement to any of the Developer Parties and not pledged to prior obligations in the 47th/King Redevelopment Area, such prior obligations including, for the 47th/King Redevelopment Area: DPD projects known as **i)** Paul G. Stewart Apartments, **ii)** Engine Co 16, **iii)** Cuisine of the Diaspora Note 1 and Note 2, **iv)** the City’s Neighborhood Investment Program, **v)** the City’s Small Business Improvement Fund, **vi)** the City’s Broadband Initiative, **vii)** Bronzeville Associates Family Apartments, **viii)** Bronzeville Associates Senior Apartments, **ix)** Rosenwald Court Apartments RDA, **x)** Legends C-3 RDA, **xi)** 300 East 51st St. LLC RDA, **xii)** Arterial resurfacing and median repairs at Wabash, 37th- 47th, **xiii)** Lighting at King Drive, 40th to 51st and Michigan Ave., 31st to 43rd & 43rd to 55th, and **xiv)** Acquisitions at 4253 S. Prarie Ave., & 301-15 E. 43rd St.

“Certificate” shall mean the Certificate of Completion of Construction described in **Section 7.01** hereof.

“Change Order” shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in **Section 3.03**, **Section 3.04** and **Section 3.05**, respectively.

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

“City Funds” shall mean the funds described in **Section 4.03(b)** hereof.

“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.

“Contract” shall have the meaning set forth in **Section 10.03** hereof.

“Contractor” shall have the meaning set forth in **Section 10.03** hereof.

“Construction Contract” shall mean that certain contract 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.

“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, including but not limited to the Municipal Code of Chicago, Sections 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560.

“Equity” shall mean funds of any of the Developer Parties (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in **Section 4.01** hereof, which amount may be increased pursuant to **Section 4.06** (Cost Overruns) or **Section 4.03(b)**.

“Escrow” shall mean the construction escrow established pursuant to the Escrow Agreement.

“Escrow Agreement” shall mean the Escrow Agreement establishing a construction escrow, entered into by the Title Company (or an affiliate of the Title Company), one or more of the Developer Parties, the City, and the Developer's lender(s).

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

“Facility” shall have the meaning set forth in the Recitals hereof.

“Financial Statements” shall mean complete audited 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.

“General Contractor” shall mean the general contractor(s) hired by one or more of the Developer Parties pursuant to **Section 6.01**.

“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.

“**In Balance**” shall have the meaning set forth in **Section 4.07** hereof.

“**HUD**” shall mean the United States Department of Housing and Urban Development.

“**LIHTC**” shall mean low-income housing tax credits allocated pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

“**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 TIF Fund established pursuant to the TIF Adoption Ordinance to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

“**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 4.01** hereof.

“**MBE(s)**” has the meaning defined in **Section 10.03**.

“**MBE/WBE Budget**” shall mean the budget attached hereto as **Exhibit H-2**, as described in **Section 10.03**.

“**MBE/WBE Program**” has the meaning defined in **Section 10.03**.

“**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 Parties, 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.

“**Plans and Specifications**” shall mean final 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 4.05(a)** hereof.

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

“**Project Budget**” shall mean the budget attached hereto as **Exhibit H**, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with **Section 3.03** hereof.

“**Property**” shall have the meaning set forth in the Recitals hereof.

“47th and King Drive Redevelopment Area” shall have the meaning set forth in the Recitals hereof.

“Redevelopment Plan” shall have the meaning set forth in the Recitals hereof.

“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.

“Requisition Form” shall mean the document, in the form attached hereto as **Exhibit K**, to be delivered by the Developer to DPD pursuant to **Section 4.04** of this Agreement.

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

“Survey” shall mean a Class A plat of survey in the most recently revised form of ALTA/NSPS land title 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 December 31, 2031.

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

“TIF Bonds” shall have the meaning set forth in the Recitals hereof.

“TIF Bond Ordinance” shall have the meaning set forth in the Recitals hereof.

“TIF Bond Proceeds” shall have the meaning set forth in the Recitals hereof.

“TIF Fund” shall mean the special tax allocation fund created by the City pursuant to the TIF Adoption Ordinance in connection with the 47th and King Drive Redevelopment Area into which the Incremental Taxes will be deposited.

“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 Title Services, Inc. as agent for Commonwealth Land Title Insurance Company.

"Title Policy" shall mean a title insurance policy, issued by the Title Company, 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.

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

"WBE(s)" has the meaning defined in Section 10.03.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer will complete construction (which term, as used in this Agreement, shall mean and include the renovation of the Facility as contemplated by the Plans and Specifications) of the Project no later than 18 months after the Closing Date, subject to the provisions of Section 18.17 (Force Majeure). The Developer shall promptly notify the City when construction has begun.

3.02 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 3.04 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.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in the approximate amount of not less than \$33,718,414. The Developer hereby certifies to the City that together with the City Funds (a) it has Lender Financing and Equity in an amount sufficient to pay for all Project costs; 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 3.04 hereof.

3.04 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. The Developer shall not authorize or permit the performance of any work relating to any such Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval. The Construction Contract, and each contract between one or more of the Developer Parties and any contractor, 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 Parties.

3.05 DPD Approval. Any approval granted by DPD of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not

affect or constitute any approval required 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.

3.06 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 5.03** (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.

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written 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.

3.08 Inspecting Agent or Architect. An inspecting agent or architect, which may be the architect or agent of a lender providing Lender Financing, 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.

3.09 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 Parties, 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.

3.13 Environmental Features. The Project will incorporate green initiatives including, roofing materials with high solar reflectance index, direct vent high efficiency (90% AFUE)

boilers, zoned heating and cooling for first floor spaces and second floor activity rooms, insulated cold water piping, and planting beds with organic mulch. In addition, not later than the second anniversary of the Certificate of Issuance, the Developer shall provide evidence of Energy Star Recognition.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$33,718,414 to be applied in the manner stated in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	\$ 12,140,086
Lender Financing	\$ 10,596,000
City Multi-Family Loan Funds	\$ 2,492,624
Assumed Existing Debt	\$ 2,291,234
Deferred Developer Fee	\$ 1,719,191
Existing Reserve Fund	\$ 180,000
Estimated City Funds (subject to <u>Section 4.03</u>)	\$ 4,299,179

ESTIMATED TOTAL \$ 33,718,414

4.02 Developer Funds. Equity, Lender Financing, City Multi-Family Loan Funds and the City Funds will be used to pay all Project costs, including but not limited to costs of TIF-Funded Improvements.

4.03 City Funds.

(a) Uses of City Funds.

City Funds may only be used to pay directly or reimburse the Developer Parties for costs (incurred by the Developer Party so reimbursed) 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 4.03(b)**), 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. If the City pays any of the City Funds to BHCDC or the General Partner, then BHCDC or the General Partner, respectively, shall be required to loan or contribute the City Funds to the Developer (any such loan being referred to as the "BHCDC Loan").

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this **Section 4.03** and **Section 5** hereof, the City hereby agrees to provide City funds (the "City Funds") from the sources and in the amounts described directly below to pay for or reimburse any of the Developer Parties for the costs of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Available Incremental Taxes and/or TIF Bond proceeds	\$4,299,179

provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed \$4,299,179; and provided further, that the \$4,299,179 to be derived from Available Incremental Taxes and/or TIF Bond proceeds, if any, shall be available to pay costs related to TIF-Funded Improvements and allocated by the City for that purpose only so long as the amount of the Available Incremental Taxes deposited into the TIF Fund shall be sufficient to pay for such costs.

The Developer Parties acknowledge and agree that the City's obligation to pay for TIF-Funded Improvements up to a maximum of \$4,299,179 is contingent upon the fulfillment of the foregoing conditions. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer Parties pursuant to **Section 4.01** hereof shall increase proportionately.

The City Funds shall be disbursed by DPD, from time to time, in the manner described in Section 4.03(a). Such disbursements will be made by DPD as TIF-Funded Improvements are reviewed, approved and certified by DPD in its sole discretion. Deposits will be made no more than once in a 30-day period.

(c) City Funds Subject to the conditions described in this **Section 4.03**, the City shall pay City Funds to Developer in three installments as follows:

(i) Upon the completion of 33% of the Project (based on the amount of expenditures incurred in relation to the Project Budget), an amount equal to 33% of the City Funds;

(ii) Upon the completion of 66% of the Project (based on the amount of expenditures incurred in relation to the Project Budget), an amount equal to 33% of the City Funds;

(iii) Upon the issuance of the Certificate, an amount equal to 34% of the City Funds;

4.04 Requisition Form. The Developer shall submit a Requisition Form along with the other necessary documentation, if any, described in the Escrow Agreement prior to each disbursement of City Funds. The Developer shall meet with DPD at the request of DPD to discuss the Requisition Form(s) previously delivered.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by any of the Developer Parties 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**). **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 any of the Developer Parties by the City with City Funds but may be eligible for reimbursement through the Lender Financing or Equity identified in **Section 4.01** hereof.

(b) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$25,000 or \$100,000 in the aggregate, may be made without the prior written consent of DPD.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to **Section 4.03** 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.

4.07 Preconditions of Disbursement. Prior to each disbursement of City Funds hereunder, one or more of the Developer Parties shall submit documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by one or more of the Developer Parties to DPD of any request for disbursement of City Funds 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 disbursement, that:

(a) the total amount of the Requisition Form represents the actual cost of the actual amount payable to (or paid to) the contractors who have performed work on the Project, and/or their payees, and/or (ii) the architect for the inspections performed in monitoring the construction of the Project;

(b) all amounts shown as previous payments on the current Requisition Form have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current Requisition Form, 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 Parties are in compliance with all covenants contained herein;

(e) none of the Developer Parties have received notice and have 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 (as defined hereinafter) 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 any of the Developer Parties 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 Parties 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 disbursement 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 Parties. In addition, the Developer Parties shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the TIF Bond Ordinance, if any, the TIF Bonds, if any, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

4.08 Sale or Transfer of the Property or Project by Developer.

(a) Prior to the Date of Issuance of the Certificate. Developer must obtain the prior approval of the City for any sale or transfer of any part of the Property or the Project prior to the issuance of the Certificate. Such approval by the City will be subject to the reasonable discretion requirement stated in Section 18.14.

(b) After the Date of Issuance of the Certificate. After the date of the Certificate, Developer need not obtain prior approval for any sale or transfer of any part of the Property or the Project. Developer must, however, notify the City not less than 60 days before any closing of sale of Developer's intention to sell any part of the Property or the Project. Developer must provide the City with true and correct copies of any contract for sale and related documents as part of such notice.

4.09 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer Parties' compliance with the provisions of this Agreement. The City Funds disbursed are subject to being reimbursed by the Developer Parties upon the Developer Parties' noncompliance with the provisions of this Agreement.

SECTION 5. CONDITIONS PRECEDENT

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

5.01 Project Budget. The Developer has submitted to DPD, and DPD has approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 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 3.02 hereof.

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

5.04 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 4.01** 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 **Exhibit H**) to complete the Project. 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.

5.05 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 is dated as of the Closing Date and 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 (3.1 with parking), contiguity, location, access and survey. The Developer has provided to DPD on or prior to the Closing Date 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.

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches 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 judgments 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 General Partner, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

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

5.08 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 coverages to DPD.

5.09 Opinion of the Developer Parties' Counsel. On the Closing Date, the Developer Parties have 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

any of the Developer Parties have 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 Parties from their general corporate counsel.

5.10 Evidence of Prior Expenditures. One or more of the Developer Parties have provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

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

5.12 Documentation. The Developer Parties have provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters including the reports described in Section 8.06.

5.13 Environmental. The Developer has provided DPD with copies of that certain phase I environmental site assessment completed with respect to the Property and any phase II environmental site assessment with respect to the Property required by the City. The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Corporate Documents; Economic Disclosure Statement. The Developer has provided (a) a copy of its certificate of limited partnership containing the original certification of the Secretary of State of Illinois; the Developer's certificate of existence from the Secretary of State of Illinois; a certified copy of the Developer's partnership agreement; an incumbency certificate for the Developer; (b) a certificate of good standing for the General Partner from the Secretary of State of Illinois; copies of the General Partner's articles of organization containing the original certification of the Secretary of State of Illinois, secretary's certificate for the General Partner; and (c) a certificate of good standing for BHCDC from the Secretary of State of Illinois; copies of BHCDC's articles of incorporation containing the original certification of the Secretary of State of Illinois, secretary's certificate for BHCDC; a certified copy of BHCDC's by-laws and an incumbency certificate for BHCDC.

The Developer and the General Partner have provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date, and which is incorporated herein by reference. Developer will further provide any other affidavits or certifications as may be required by federal, state or local law in the award of public contracts, all of which affidavits or certifications are also incorporated herein by reference. Notwithstanding acceptance by the City of the EDS, failure of the EDS to include all information required under the Municipal Code renders this Agreement voidable at the option of the City. Developer and any other parties required by this Section 5.14 to complete an EDS must promptly update their EDS(s) on file with the City whenever any information or response provided in the EDS(s) is no longer complete and accurate, including changes in ownership and changes in disclosures and information pertaining to ineligibility to do business with the City under Chapter 1-23 of the Municipal Code, as such is required under Sec. 2-154-020, and failure to promptly provide the updated EDS(s) to the City will constitute an event of default under this Agreement.

5.15 Litigation. The Developer Parties have provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving the Developer Parties, 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.

5.16 Relocation Plan. Developer Parties shall have submitted to DPD, and DPD shall have approved, a relocation plan for tenants residing in the Facility when construction of the Project is to commence (such approved plan referred to as the "Relocation Plan")

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for Contractors. Prior to entering into an agreement with any contractor for construction of the Project, the Developer Parties shall solicit bids from one or more 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 Parties shall select the contractor submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer Parties selects any contractor submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. The Developer Parties shall submit copies of the Construction Contract to DPD in accordance with **Section 6.02** 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 Parties shall ensure that no contractors shall begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

6.02 Construction Contract. Prior to the execution thereof, the Developer Parties shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with **Section 6.01** above, for DPD's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof.

6.03 Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Developer Parties shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better.

6.04 Employment Opportunity. The Developer Parties shall contractually obligate and cause the General Contractor, and the General Contractor shall cause each of its subcontractors, to agree to the provisions of **Section 10** hereof.

6.05 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 3.04** (Change Orders), **Section 8.08** (Prevailing Wage), **Section 10.01(e)** (Employment Opportunity), **Section 10.02** (City Resident Employment Requirement), **Section 10.03** (MBE/WBE Requirements, as applicable), **Section 12** (Insurance) and **Section 14.01** (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION

7.01 Certificate of Completion of Construction. Upon completion of the construction of the Project in accordance with the terms of this Agreement, and upon the Developer Parties' written request, DPD shall issue to the Developer Parties a Certificate in recordable form certifying that the Developer Parties have fulfilled their obligation to complete the Project, including full compliance, as determined by DPD in its sole discretion, with the Relocation Plan, in accordance with the terms of this Agreement. DPD shall respond to the Developer Parties' written request for a 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 Parties in order to obtain the Certificate. The Developer Parties may resubmit a written request for a Certificate upon completion of such measures.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction of the Project and the compliance by the Developer Parties of the Relocation Plan, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer Parties' 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 8.02, 8.06, 8.18 and 8.19** 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 a Certificate, the covenants set forth in **Section 8.02** 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 Parties or a permitted assignee of the Developer Parties who, pursuant to **Section 18.15** of this Agreement, has contracted to take an assignment of the Developer Parties' rights under this Agreement and assume the Developer Parties' liabilities hereunder.

7.03 Failure to Complete. If the Developer Parties fail 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;

(b) the right (but not the obligation) to complete those 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 4.01**, the Developer Parties 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 reimbursement of the City Funds from the Developer Parties.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD shall provide the Developer Parties at the Developer Parties' 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 PARTIES.

8.01 General. The Developer Parties represent, warrant and covenant, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

(a) (i) the Developer is an Illinois limited partnership 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, (ii) the General Partner is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois, and licensed to do business any other state where, due to the nature of its activities or properties, such qualification or license is required, and (iii) BHCDC is an Illinois not-for-profit corporation duly organized, validly existing, qualified to do business in Illinois, and licensed to do business any other state where, due to the nature of its activities or properties, such qualification or license is required;

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

(c) the execution, delivery and performance by the Developer Parties of this Agreement has been duly authorized by all necessary partnership, limited liability company and corporate action, as applicable, and does not and will not violate its organizational documents, 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 any one of the Developer Parties is now a party or by which any one of the Developer Parties is now or may become bound;

(d) 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 8.18** hereof);

(e) the Developer Parties are now and for the Term of the Agreement shall remain solvent and able to pay their 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 Parties which would impair their ability to perform under this Agreement;

(g) the Developer Parties have and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct their business and to construct, complete and operate the Project;

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

(i) the Financial Statements, 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 Parties, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of any one of the Developer Parties since the date of the such Developer Parties most recent Financial Statements;

(j) prior to the issuance of a Certificate, the Developer Parties shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer Parties' business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity (other than in connection with the financing for the Project); or (5) enter into any transaction that would cause a material and detrimental change to the Developer Parties' 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;

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

(m) none of the Developer Parties nor any Affiliate of the Developer Parties 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) Developer understands that (i) the City Funds are limited obligations of the City, payable solely from moneys on deposit in the Project account of the TIF Fund; (ii) the City Funds do not constitute indebtedness of the City within the meaning of any constitutional or statutory provision or limitation; (iii) Developer will have no right to compel the exercise of any taxing power of the City for payment of the City Funds; and (iv) the City Funds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of the City, the State of Illinois or any political subdivision thereof;

(o) Developer has sufficient knowledge and experience in financial and business matters, including municipal projects and revenues of the kind represented by the City Funds, and has been supplied with access to information to be able to evaluate the risks associated with the receipt of City Funds;

(p) Developer understands that there is no assurance as to the amount or timing of receipt of City Funds, and that the amounts of City Funds actually received by such party may be less than the maximum amounts set forth in Section 4.03(b);

(q) Developer understands it may not sell, assign, pledge or otherwise transfer its interest in this Agreement or City Funds in whole or in part except in accordance with the terms of **Section 18.15** of this Agreement, and, to the fullest extent permitted by law, agrees to indemnify the City for any losses, claims, damages or expenses relating to or based upon any sale, assignment, pledge or transfer of City Funds in violation of this Agreement; and

(r) Developer acknowledges that with respect to City Funds, the City has no obligation to provide any continuing disclosure to the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board, to any holder of a note relating to City Funds or any other person under Rule 15c2-12 of the Commission promulgated under the Securities Exchange Act of 1934 or otherwise, and shall have no liability with respect thereto.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in **Sections 3.02** and **3.03** hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer Parties 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 Parties. The covenants set forth in this Section 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.

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

8.04 Use of City Funds. City Funds disbursed to any of the Developer Parties shall be used by the Developer Parties solely to pay for (or to reimburse the Developer Parties for their payment for) the TIF-Funded Improvements as provided in this Agreement. If the City pays any of the City Funds to the General Partner or BHCDC, the General Partner or BHCDC, as the case may be, shall be required to loan or contribute the City Funds to the Developer.

8.05 TIF Bonds. The Developer Parties 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) TIF Bonds in connection with the 47th/King 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; provided, however, that any such amendments shall not have a material adverse effect on the Developer Parties or the Project; provided, further, that the proceeds of TIF Bonds issued on a tax-exempt basis cannot be used as a source of City Funds or to repay the City Funds. The Developer Parties shall, at the Developer Parties' expense, cooperate and provide reasonable assistance in connection with the marketing of any such TIF 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.

8.06 Employment Opportunity; Progress Reports. (a) The Developer Parties covenant and agree to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor (and the General Contractor shall, in turn, use reasonable efforts to cause its subcontractors) to abide by the terms set forth in **Section 10** hereof. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of **Sections 8.08, 10.02 and 10.03** of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). 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.

(b) The Developer anticipates that the Project will result in the creation of (i) six full-time equivalent permanent jobs (the "**Permanent Jobs**"), and (ii) approximately 49 full-time equivalent, construction jobs at the Project during the construction thereof (the "**Construction Jobs**," and collectively with the Permanent Jobs, the "**Jobs**"). Throughout the Term of the Agreement, the Developer shall submit certified employment reports disclosing the number of Jobs at the Project to DPD as a part of the Developer's submission of the Annual Compliance Report. Notwithstanding any other provision in this Agreement to the contrary, the failure to create the specified number of Jobs shall not constitute an Event of Default.

8.07 Employment Profile. The Developer Parties shall submit, and contractually obligate and cause the General Contractor (and the General Contractor shall, in turn, use reasonable efforts to cause its subcontractors) to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.08 Prevailing Wage. The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor to pay and to contractually cause each subcontractor to pay, the prevailing wage rate as ascertained by the federal government pursuant to the Davis-Bacon Act, to all their respective employees working on constructing the Project or otherwise completing the TIF-Funded Improvements. All such contracts will 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 federal prevailing wage rates are revised, the revised rates will apply to all such contracts. Upon the City's request, Developer will provide the City with copies of all such contracts entered into by Developer or the General Contractor to evidence compliance with this **Section 8.08**.

8.09 Arms-Length Transactions. Unless DPD has given its prior written consent with respect thereto, no Affiliate of the Developer Parties 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 Parties shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer Parties and reimbursement to the Developer Parties for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

8.10 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer Parties represent, warrant and covenant that, to the best of their knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the 47th/King Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer Parties 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 Parties' business, the Property or any other property in the 47th/King Redevelopment Area.

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

8.12 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the fiscal year ended December 31, 2016 and each December 31st thereafter during the Term of the Agreement. In addition, the Developer Parties 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.

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

8.14 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 8.14**); 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.

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

8.16 Compliance with Laws. To the best of the Developer Parties' 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 Parties shall provide evidence satisfactory to the City of such compliance.

8.17 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 Cook County, Illinois. 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.

8.18 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, 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. The Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.18(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.

(i) 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.

(ii) Covenants Running with the Land. The parties agree that the restrictions contained in this **Section 8.18(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 Parties and their agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the 47th and King Drive 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 47th and King Drive Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this **Section 8.18(c)** to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer Parties, their successors or assigns, may waive and terminate the Developer Parties' covenants and agreements set forth in this **Section 8.18(c)**.

8.19 Affordable Housing Covenant. The Developer Parties agree and covenant to the City that, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

(a) The Facility shall be operated and maintained solely as residential rental housing;

(b) All of the residential units in the Facility shall be available for occupancy to and be occupied solely by one or more qualifying as Low Income Families (as defined below) upon initial occupancy; and

(c) All of the residential units in the Facility have monthly rents paid by the tenants not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income.

(d) As used in this **Section 8.19**, the following terms has the following meanings:

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

(ii) "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) 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.

(e) The covenants set forth in this **Section 8.19** shall run with the land and be binding upon any transferee.

8.20 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer Parties contained in this **Section 8** and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer Parties' 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.

8.21 Compliance with Relocation Plan. During the construction of the Project, the Developer shall comply with the Relocation Plan which compliance shall be determined by DPD in its sole discretion.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 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.

9.02 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 PARTIES' EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Developer Parties on behalf of themselves and their successors and assigns, hereby agree, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer Parties operating on the Property (collectively, with the Developer Parties, the "**Employers**" and individually an "**Employer**") to agree, that for the Term of this Agreement with respect to Developer Parties 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 47th/King 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 47th/King 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 10.01** shall be a basis for the City to pursue remedies under the provisions of **Section 15.02** hereof.

10.02 City Resident Construction Worker Employment Requirement. The Developer Parties agree for themselves and their successors and assigns, and shall contractually obligate their contractors and 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 Parties, their contractors 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 Parties 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 Parties, the contractors 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 Parties, the contractors 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 Parties, 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 Parties, the contractors 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 Parties, the contractors 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 Parties have 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 Parties 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 Parties, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer Parties 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 Parties 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 Parties shall cause or require the provisions of this **Section 10.02** to be included in all construction contracts and subcontracts related to the Project.

10.03. MBE/WBE Commitment. (a) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "**MBE/WBE Program**"), Section 2-92-420 et seq., Municipal Code of Chicago, 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 construction 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 minority-owned businesses ("**MBEs**") and by women-owned businesses ("**WBEs**") as follows:

1. at least 26 percent by MBEs;
2. at least 6 percent by WBEs.

(c) Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer Parties' MBE/WBE commitment may be achieved in part by the Developer Parties' status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer Parties) 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 Parties utilizing a MBE or a WBE as a contractor (but only to the extent of any actual work performed on the Project by such contractor), by subcontracting a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials 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 Parties' MBE/WBE commitment as described in this **Section 10.03**.

(d) The Developer Parties shall deliver quarterly reports to DPD 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 Parties or a 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 DPD in determining the Developer Parties' compliance with this MBE/WBE commitment. The Developer Parties 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 DPD shall have access to all such records maintained by the Developer Parties, on five Business Days' notice, to allow the City to review the Developer Parties' 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 contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer Parties shall be obligated to discharge or cause to be discharged the disqualified contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this **Section 10.03**, the disqualification procedures are further described in Sections 2-92-540 and 2-92-730 of the Municipal Code of Chicago.

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

(g) Prior to the commencement of the Project, the Developer Parties shall be required to meet with the monitoring staff of DPD with regard to the Developer Parties' compliance with its obligations under this **Section 10.03**. All contractors and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer Parties shall demonstrate to DPD their plan to achieve their obligations under this **Section 10.03**, the sufficiency of which shall be approved by DPD. During the Project, the Developer Parties shall submit the documentation required by this **Section 10.03** to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer Parties are not complying with their obligations under this **Section 10.03**, shall, upon the delivery of written notice to the Developer Parties, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided hereunder, the City may: (1) issue a written demand to the Developer Parties to halt the Project, (2) withhold any further payments to, or on behalf of, the Developer Parties, or (3) seek any other remedies against the Developer Parties available at law or in equity.

The Developer Parties will include the foregoing provisions in every contract entered into in connection with the Project and every agreement with any Affiliate operating on the Property so that such provision will be binding upon each contractor or Affiliate, as the case may be.

SECTION 11. ENVIRONMENTAL MATTERS

The Developer Parties hereby represent and warrant to the City that the Developer Parties have 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 Parties agree 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 Parties: (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 Parties or any person directly or indirectly controlling, controlled by or under common control with the Developer Parties, 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 Parties), 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 Parties or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

The Developer must provide and maintain, at Developer's own expense, or cause to be provided and maintained during the term of this Agreement, the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to execution and delivery of this Agreement.

(i) Workers Compensation and Employers Liability

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

(ii) Commercial General Liability (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. Coverages must 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.

(iii) All Risk Property

All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(b) Construction. Prior to the construction of any portion of the Project, Developer will cause its architects, contractors, subcontractors, project managers and other parties constructing the Project to procure and maintain the following kinds and amounts of insurance:

(i) Workers Compensation and Employers Liability

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

(ii) Commercial General Liability (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. Coverages must include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, 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 (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the 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 basis.

(iv) Railroad Protective Liability

When any work is to be done adjacent to or on railroad or transit property, Developer must provide cause to be provided with respect to the operations that Contractors perform, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have 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) All Risk /Builders Risk

When the Developer undertakes any construction, including improvements, betterments, and/or repairs, the Developer must 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 project. The City of Chicago is to be named as an additional insured and loss payee/mortgagee if applicable.

(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 must be maintained with limits of not less than \$1,000,000. Coverage must include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Contract. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance must be maintained in an amount to

insure against any loss whatsoever, and must have limits sufficient to pay for the re-creation and reconstruction of such records.

(viii) Contractors Pollution Liability

When any remediation work is performed which may cause a pollution exposure, the Developer must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less than \$1,000,000 per occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. 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. The City of Chicago is to be named as an additional insured.

(c) Post Construction:

(i) All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(d) Other Requirements:

The Developer must furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. 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 Developer is not a waiver by the City of any requirements for the Developer to obtain and maintain the specified coverages. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve 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 stop work and/or terminate agreement until proper evidence of insurance is provided.

The insurance must 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 deductibles or self insured retentions on referenced insurance coverages must be borne by Developer and Contractors.

The Developer hereby waives and agrees to require their insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The coverages and limits furnished by Developer in no way limit the Developer's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self insurance programs maintained by the City of Chicago do not contribute with insurance provided by the Developer under the Agreement.

The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

If Developer is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

The Developer must require all contractors and subcontractors to provide the insurance required herein, or Developer may provide the coverages for contractors and subcontractors. All Contractors and subcontractors are subject to the same insurance requirements of Developer unless otherwise specified in this Agreement.

If Developer, any contractor or subcontractor desires additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

SECTION 13. INDEMNIFICATION

13.01 General Indemnity. The Developer Parties agree 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 Parties' failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

(ii) the Developer Parties' or any contractor's failure to pay 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, the Redevelopment Plan or any other document related to this Agreement

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

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

provided, however, that Developer Parties 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 violates any law or public policy, Developer Parties shall contribute the maximum portion that they are 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 13.01 shall survive the termination of this Agreement.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

14.02 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 during the Term of the Agreement.

SECTION 15. DEFAULT AND REMEDIES

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

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

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

(c) the making or furnishing by the Developer Parties 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 Parties or for the liquidation or reorganization of the Developer Parties, or alleging that the Developer Parties are insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer Parties' 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 Parties; 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 Parties, for any substantial part of the Developer Parties' assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer Parties; 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 Parties 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 Parties or the death of any natural person who owns a material interest in the Developer Parties;

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

(k) prior to the expiration of the Term of the Agreement, the sale or transfer of a majority of the ownership interests of the Developer Parties without the prior written consent of the City, except that the Developer's limited partner may sell a limited partner interest in the Developer without the prior written consent of the City.

For purposes of Sections 15.01(i) and 15.01(j) hereof, a person with a material interest in the Developer shall be one owning in excess of ten (10%) of the Developer's partnership interests.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. Additionally, upon the occurrence of an Event of Default in relation to **Section 8.19**, the Developer Parties shall reimburse the City all of the City Funds disbursed to any one of the Developer Parties to date. 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 reimbursement of all or part of the City Funds, injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer Parties shall fail to perform a monetary covenant which the Developer Parties are 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 Parties have 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 Parties shall fail to perform a non-monetary covenant which the Developer Parties are 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 Parties have 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 Parties shall not be deemed to have committed an Event of Default under this Agreement if they have 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. Under the same terms and conditions stated in this **Section 15.03**, The anticipated investors in the Low Income Housing Tax Credits (“LIHTC”), the syndication of which shall produce the Equity set forth in Section 4.01, and their successors and assigns (solely as LIHTC investor) and any lender (“**TIF Bridge Lender**”) providing Developer an interim construction loan secured by the City Funds to be received pursuant to the terms of this Agreement shall each have the right, but not the obligation, to cure an Event of Default if the Developer Parties fail to do so before the City exercises its remedies. However, the City shall be under no obligation to provide notice specifically to said investors or TIF Bridge Lender, it being understood that notice to the Developer shall be sufficient for each such purpose.

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, for purposes of this Agreement shall be deemed to include any collateral assignment of Developer’s rights under this Agreement given as security to a TIF Bridge Lender) and are referred to herein as the “**Existing Mortgages.**” Any mortgage or deed of trust that the Developer Parties 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 Parties 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 Parties as follows:

(a) In the event that a lender 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 lender 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 Parties for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer Parties" 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 Parties' interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer Parties which accrued prior to the time such party succeeded to the interest of the Developer Parties under this Agreement, in which case the Developer Parties shall be solely responsible. However, if such lender under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer Parties' 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 Parties 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) overnight courier; or (c) 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
With Copies To:	City of Chicago Department of Law Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602

If to the Developer Parties:

PGS Bronzeville III Limited Partnership or Grand Boulevard Housing IV, LLC
400 East 41st Street, Suite 100
Chicago, Illinois 60653
Attention: Mr. Fred Bonner

Bronzeville Housing and Community Development Corporation
400 East 41st Street, Suite 100
Chicago, Illinois 60653
Attention: Kenneth Grant
President

With Copies To:

Jay Gilbert, Esq.
Kutak Rock LLP
One South Wacker Drive, Suite 2050
Chicago, Illinois 60606-4614

And To:

Warren Wenzloff
Applegate & Thorne-Thomsen
440 South LaSalle Street, Suite 1900
Chicago, Illinois 60605

And To:

R4 PGS Acquisition, LLC
c/o R4 Capital, LLC
780 Third Avenue, 10th Floor
New York, NY 10017
Attn: Mark Schnitzer

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 clause (a) hereof shall be deemed received upon such personal service. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (c) shall be deemed received two (2) business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 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 18.01** 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 Parties (including those set forth in **Sections 10.02 and 10.03** hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer Parties affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer Parties by more than ninety (90) days.

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

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer Parties 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 Parties from the City or any successor in interest or on any obligation under the terms of this Agreement.

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

18.05 Waiver. Waiver by the City or the Developer Parties 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 Parties 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.

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

18.07 Disclaimer. Nothing contained in this Agreement nor any act of 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.

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

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

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

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the 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 Parties may not sell, assign or otherwise transfer their interest in this Agreement in whole or in part without the written consent of the City. Any successor in interest to the Developer Parties 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 8.18, 8.19 and 8.20** hereof, for the Term of the Agreement. The Developer Parties consent 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 Parties, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer Parties, 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, the Developer Parties nor any successor in interest to any 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 Parties are required to provide notice under the WARN Act, the Developer Parties 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 Parties has locations in the State. Failure by the Developer Parties 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 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 Parties agree 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 Parties also will pay any court costs, in addition to all other sums provided by law.

18.22 Business Relationships. The Developer Parties acknowledge (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer Parties have read such provision and understand 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 Parties hereby represent and warrant that, to the best of their knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

18.23 Debarment Certification. Failure by the Developer Parties or any controlling person of either, as defined in Section 1-23-010 of the Municipal Code, thereof to maintain eligibility to do business with the City as required by Section 1-23-030 of the Municipal Code shall be grounds for termination of this Agreement and the transactions contemplated thereby.

18.24 Inspector General and Legislative Inspector General. It is the duty of the Developer Parties, any subgrantee, bidder, proposer, contractor, subcontractor, and every

applicant for certification of eligibility for a City contract or program, and all officers, directors, agents, partners, and employees of any such subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Inspector General in any investigation or hearing undertaken pursuant to Chapter 2-56 of the Municipal Code. The Developer Parties represent that they understand and will abide by all provisions of Chapter 2-56 of the Municipal Code and that the Developer Parties will inform subcontractors of this provision and require their compliance.

It is the duty of the Developer Parties, any subgrantee, bidder, proposer, contractor, subcontractor, and every applicant for certification of eligibility for a City contract or program, and all officers, directors, agents, partners, and employees of the Developer Parties, any such subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Legislative Inspector General in any investigation undertaken pursuant to Chapter 2-55 of the Municipal Code. The Developer Parties represent that they understand and will abide by all provisions of Chapter 2-55 of the Municipal Code and that the Developer Parties will inform subcontractors of this provision and require their compliance.

18.25 Incorporation of HUD Required Provisions Rider. The document entitled "HUD-Required Provisions Rider" attached hereto as **Exhibit L** is hereby incorporated into this Agreement as if fully set forth herein and shall remain a part of this Agreement so long as the Secretary of HUD or his/her successors or assigns, are the insurers or holders of the "Mortgage Note" (as such term is known in the HUD-Required Provisions Rider). Upon such time as HUD is no longer the insurer or holder of the Mortgage Note or such time as the Mortgage Note is paid in full, the parties hereto agree that the HUD-Required Provisions Rider shall no longer be a part of this Agreement.

[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:

PGS Bronzeville III Limited Partnership, an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois
limited liability company
Its General Partner

By: Peoples Co-Op for Affordable Elderly Housing,
an Illinois not-for-profit corporation
Its Manager

By: Fred L. Bonner
Fred L. Bonner
Its Chief Executive Officer

GENERAL PARTNER:

GRAND BOULEVARD HOUSING IV, LLC, an Illinois limited
liability company

By: Peoples Co-Op for Affordable Elderly Housing,
an Illinois not-for-profit corporation
Its Manager

By: Fred L. Bonner
Fred L. Bonner
Its Chief Executive Officer

BHCDC:

**BRONZEVILLE HOUSING AND COMMUNITY DEVELOPMENT
CORPORATION**, an Illinois not-for-profit corporation

By: _____
Kenneth Grant
President & Director

CITY:

CITY OF CHICAGO

By: _____
David L. Reifman
Its 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:

PGS Bronzeville III Limited Partnership, an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois
limited liability company
Its General Partner

By: Peoples Co-Op for Affordable Elderly Housing,
an Illinois not-for-profit corporation
Its Manager

By: _____
Fred L. Bonner
Its Chief Executive Officer

GENERAL PARTNER:

GRAND BOULEVARD HOUSING IV, LLC, an Illinois limited
liability company

By: Peoples Co-Op for Affordable Elderly Housing,
an Illinois not-for-profit corporation
Its Manager

By: _____
Fred L. Bonner
Its Chief Executive Officer

BHCD: C:

**BRONZEVILLE HOUSING AND COMMUNITY DEVELOPMENT
CORPORATION**, an Illinois not-for-profit corporation

By: _____
Kenneth Grant
President & Director

CITY:

CITY OF CHICAGO

By: _____
David L. Reifman
Its Commissioner
Department of Planning and Development

State of Illinois)
) SS
County of Cook)

This instrument was acknowledged before me on December 28, 2016 by Fred L. Bonner, Chief Executive Officer of Peoples Co-Op For Affordable Elderly Housing, an Illinois not-for-profit corporation, as Manager of Grand Boulevard Housing IV, LLC, an Illinois limited liability company, in its capacity as General Partner of PGS Bronzeville III Limited Partnership, an Illinois limited partnership.



Notary Public



COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

STATE OF ILLINOIS
COUNTY OF COOK

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that on this KENNETH GRANT 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 (s)he signed and delivered the said instrument as his/her free and voluntary act and the free and voluntary act of BRONZE VILLE HOUSING AND for the purposes therein set forth. COMMUNITY DEVELOPMENT CORPORATION

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

W. M. Snow

[seal] _____ Notary Public



LIST OF EXHIBITS

Exhibit A	47 th /King Redevelopment Area
Exhibit B	*Property Legal Description
Exhibit C	*TIF-Funded Improvements
Exhibit D	Redevelopment Plan
Exhibit E	Construction Contract
Exhibit F	[Intentionally Deleted]
Exhibit G	*Permitted Liens
Exhibit H-1	*Project Budget
Exhibit H-2	*M/WBE Budget
Exhibit I	Approved Prior Expenditures
Exhibit J	Opinion of Developer Parties' Counsel
Exhibit K	Requisition Form
Exhibit L	*HUD-Required Rider Provision

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

EXHIBIT A

**47th AND MARTIN LUTHER KING DRIVE REDEVELOPMENT AREA
LEGAL DESCRIPTION**

[Not attached for recordation]

**COOK COUNTY
RECORDER OF DEEDS**

**COOK COUNTY
RECORDER OF DEEDS**

**COOK COUNTY
RECORDER OF DEEDS**

EXHIBIT # B

Legal Description

***PARCEL 1:

THAT PART OF A TRACT OF LAND BEING LOTS 1 TO 6, INCLUSIVE, TOGETHER WITH ALL THAT PART OF THE NORTH-SOUTH 16 FOOT VACATED ALLEY LYING SOUTH OF AND ADJOINING THE NORTH LINE, EXTENDED EAST 16 FEET, OF SAID LOT 1, LYING NORTH OF AND ADJOINING THE SOUTH LINE, EXTENDED EAST 16 FEET, OF SAID LOT 6 AND LYING EAST OF AND ADJOINING THE EAST LINE OF SAID LOTS 1 TO 6, INCLUSIVE, ALL IN S. D. WEAKLY'S RESUBDIVISION OF LOTS 7 TO 11, INCLUSIVE, AND THAT PART SOUTH OF THE NORTH 40 FEET OF LOT 12 IN BLOCK 3 IN JENNING'S SUBDIVISION OF THE SOUTH 1/2 OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN; ALSO LOTS 4 TO 10, INCLUSIVE, AND THE WEST 1/2 OF LOT 11 (EXCEPT THE WEST 16.0 FEET OF THE EAST 17.0 FEET THEREOF) TOGETHER WITH ALL THAT PART OF THE EAST-WEST 13 FOOT VACATED ALLEY LYING EAST OF AND ADJOINING THE WEST LINE, EXTENDED SOUTH 13.0 FEET, OF SAID LOT 8, LYING WEST OF AND ADJOINING THE WEST LINE, EXTENDED NORTH 13.0 FEET, OF THE EAST 17.0 FEET OF THE WEST 1/2 OF SAID LOT 11, AND LYING NORTH OF AND ADJOINING THE NORTH LINE OF SAID LOTS 9, 10 AND THE WEST 1/2 OF LOT 11, ALL IN THE RESUBDIVISION OF LOTS 7 TO 12, INCLUSIVE, IN BLOCK 2 AND LOTS 1 TO 6, INCLUSIVE, IN BLOCK 3 IN JENNING'S SUBDIVISION OF THE SOUTH 1/2 OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID TRACT OF LAND, BEING ALSO THE NORTHWEST CORNER OF LOT 1 IN SAID S. D. WEAKLY'S RESUBDIVISION; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST (BEING AN ASSUMED BEARING FOR THIS LEGAL DESCRIPTION) ALONG THE NORTH LINE OF SAID TRACT OF LAND, BEING ALSO THE SOUTH LINE OF E. BOWEN AVENUE, A DISTANCE OF 320.25 FEET TO A POINT LOCATED 112.25 FEET, AS MEASURED ALONG SAID NORTH LINE, WEST OF THE NORTHEAST CORNER OF SAID TRACT; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 121.00 FEET TO A SOUTH LINE OF SAID TRACT, BEING ALSO THE NORTH LINE OF A 13 FOOT WIDE PUBLIC ALLEY RUNNING EAST AND WEST; THENCE SOUTH 89 DEGREES 58 MINUTES 49 SECONDS WEST ALONG SAID LAST DESCRIBED SOUTH LINE, A DISTANCE OF 34.06 FEET TO A CORNER OF SAID TRACT, BEING ALSO THE NORTHERLY EXTENSION OF THE WEST LINE OF A 16 FOOT WIDE PUBLIC ALLEY RUNNING NORTH AND SOUTH; THENCE SOUTH 00 DEGREES 04 MINUTES 30 SECONDS WEST ALONG SAID LAST DESCRIBED LINE, A DISTANCE OF 134.07 FEET TO THE SOUTH LINE OF SAID TRACT, BEING ALSO THE NORTH LINE OF E. 42ND STREET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST ALONG SAID LAST DESCRIBED SOUTH LINE, A DISTANCE OF 35.34 FEET TO A POINT LOCATED 250.57 FEET, AS MEASURED ALONG SAID SOUTH LINE, EAST OF THE SOUTHWEST CORNER OF SAID TRACT; THENCE NORTH 44 DEGREES 53 MINUTES 50 SECONDS WEST, A DISTANCE OF 63.35 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 34.43 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, A DISTANCE OF 18.55 FEET; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 123.31 FEET; THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, A DISTANCE OF 51.70 FEET;

Continued...

* Exhibit A – continued ...

THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 19.64 FEET;
THENCE SOUTH 44 DEGREES 46 MINUTES 09 SECONDS WEST, A DISTANCE OF 40.48 FEET
TO THE WEST LINE OF SAID TRACT, BEING ALSO THE EAST LINE OF S. DR. MARTIN LUTHER
KING JR. DRIVE; THENCE NORTH 00 DEGREES 01 MINUTES 40 SECONDS WEST ALONG SAID
LAST DESCRIBED WEST LINE, A DISTANCE OF 168.70 FEET TO THE POINT OF BEGINNING, IN
COOK COUNTY, ILLINOIS.

PARCEL 2: /

THE EAST 17 FEET OF THE WEST HALF OF LOT 11 (EXCEPT THE WEST 16 FEET OF THE EAST
17 FEET OF THE WEST HALF OF SAID LOT 11 DEDICATED FOR ALLEY) ALL IN THE
RESUBDIVISION OF LOTS 7 THROUGH 12 IN BLOCK 2 AND LOTS 1 THROUGH 6 IN BLOCK 3 IN
JENNING'S SUBDIVISION OF THE SOUTH HALF OF THE NORTH HALF OF THE SOUTHWEST
QUARTER OF THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 38 NORTH, RANGE 14
EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

PERMANENT, NON-EXCLUSIVE RECIPROCAL EASEMENT TO USE UTILITY LINES ON THE
TOWNHOME PARCEL TO SERVICE PARCEL 1 AS ESTABLISHED BY RECIPROCAL EASEMENT
AGREEMENT BY AND BETWEEN BHCDC LLC AND PGS BRONZEVILLE III LIMITED
PARTNERSHIP DATED AS OF DECEMBER 1, 2016 AND RECORDED DECEMBER 29, 2016 IN
THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS AS DOCUMENT NUMBER
#16 364 45127 OVER AND ACROSS THE AREA AS DEPICTED IN EXHIBIT C-2 OF SAID
RECIPROCAL EASEMENT AGREEMENT.***

PERMANENT REAL ESTATE INDEX NO. 20-03-216-033-0000, vol. 251

Affects: Part of subject premises and other property

PERMANENT REAL ESTATE INDEX NO. 20-03-216-034-0000, vol. 251

Affects: Part of subject premises and other property

Address: 401 E. Bowen Ave., Chicago, Illinois

EXHIBIT C

TIF-FUNDED IMPROVEMENTS

<u>Expense</u>	<u>Amount</u>
Rehabilitation	\$15,264,025
<u>Relocation</u>	<u>412,725</u>
Total	\$15,676,750*

*Notwithstanding the total amount referenced above, the City Funds for the TIF-Funded Improvements shall not exceed \$4,299,179.

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

EXHIBIT D

REDEVELOPMENT PLAN

[Not attached for recordation]

**COOK COUNTY
RECORDER OF DEEDS**

**COOK COUNTY
RECORDER OF DEEDS**

**COOK COUNTY
RECORDER OF DEEDS**

EXHIBIT E

CONSTRUCTION CONTRACT

[Not attached for recordation]

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

EXHIBIT F

[Intentionally Deleted.]

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

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:

None.

**COOK COUNTY
RECORDER OF DEEDS**

**COOK COUNTY
RECORDER OF DEEDS**

EXHIBIT H-1

PROJECT BUDGET

Line Item	Amount
Building Cost	\$4,159,505
Land Cost	320,000
Carrying Costs	112,000
Transfer Stamps	53,856
Net Construction Costs	15,264,025
Surface Parking	219,065
General Conditions	810,490
Overhead	340,406
Profit	680,812
Furniture, Fixtures, & Equip't	262,252
Building Permits	107,736
Bond Premium/ LOC Fees	139,964
Landscaping	102,296
Site Preparation	523,789
Other Construction	1,816,148
Sewer & Water	20,000
Contingency	2,000
Architect - Design	410,405
Architect - Supervision	136,802
Engineering Fees	30,000
Blueprints & Reproductions	25,000
PNA Report	2,625
Permit Expediter	5,450
As-Is Plats & Surveys	20,000
Accountant - Tax Preparation	22,500
Accountant -- 8609s	20,000
Accountant -- General	2,500
Legal - Organizational	207,000
Legal - Syndication	45,000
Consultants - Financial	60,000
Appraisal	20,000
Market Study	16,000
Phase I Environ. Report	16,000
Title & Recording Fees	43,011
Other Professional Fees	13,000
Lender Fees(including Bond)	2,564,026
Liability& Hazard Insurance	171,640
Real Estate Taxes	157,000
Advertising	15,000
Tenant Relocation	412,725
Developer Fee	1,000,000
Deferred Developer Fee	1,719,191
Reserves	1,649,195
Total Dev Costs	\$33,718,414

EXHIBIT H-2
MBE/WBE BUDGET

<u>Line Item</u>	<u>Cost</u>
Rehabilitation	\$15,264,025
Total	\$15,264,025

MBE requirement (26%) = \$3,968,647
WBE requirement (6%) = \$ 915,842

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

EXHIBIT I

APPROVED PRIOR EXPENDITURES

None.

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

EXHIBIT J

FORM OF OPINION OF DEVELOPER PARTIES' COUNSEL

[To be retyped on the Developer Parties' Counsel's letterhead]

City of Chicago
121 North LaSalle Street
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

I have acted as counsel to PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Developer") and its general partner, Grand Boulevard Housing IV, LLC, an Illinois limited liability company (the "General Partner"), in connection with the acquisition of certain land and the rehabilitation of a building thereon located in the 47th and King Drive Redevelopment Project Area (the "Project"). In that capacity, I have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

(a) PGS Bronzeville III Limited Partnership Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer, the General Partner and the City of Chicago (the "City"); and

(b) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, I have examined:

(a) the original or certified, conformed or photostatic copies of (1) the Developer's (i) Certificate of Limited Partnership, (ii) limited partnership agreement, as amended to date, (iii) certificate of existence in all states in which the Developer is qualified to do business, (iv) records of all partnership proceedings relating to the Project; and (2) the General Partner's (i) Articles of Organization, (ii) operating agreement, as amended to date, (iii) By-Laws, if any, as amended to date, (iv) the certificate of good standing, and (v) records of all members' proceedings relating to the Project; and

(b) such other documents, records and legal matters as I have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, I have assumed the genuineness of all signatures (other than those of the Developer and the General Partner), 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 my opinion that:

1. The Developer is a limited partnership, duly organized and validly existing under the laws of its state of formation, 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 limited partnership 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. The General Partner is a limited liability company, duly organized, validly existing and in good standing under the laws of its state of incorporation, 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 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 and the General Partner have full right, power and authority to execute and deliver the Documents to which they are a party and to perform their obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, the Developer's partnership agreement or the General Partner's articles of organization, 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 my knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which the Developer or the General Partner is a party or by which the Developer or the General Partner or its properties is bound. To the best of my 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 or the General Partner 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 and the General Partner.

4. Each of the Documents to which the Developer or the General Partner is a party has been duly executed and delivered by a duly authorized officer of the Developer or the General Partner, as applicable, and each such Document constitutes the legal, valid and binding obligation of the Developer or the General Partner 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. To the best of my knowledge after diligent inquiry, no judgments are outstanding against the Developer or the General Partner nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or the General Partner or affecting the Developer or the General Partner or its property, or seeking to restrain or enjoin the performance by the Developer or the General Partner of the Agreement or the transactions contemplated by the Agreement, or contesting the

validity thereof. To the best of my knowledge after diligent inquiry, the Developer or the General Partner 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, the General Partner or its business.

6. To the best of my knowledge after diligent inquiry, there is no default by the Developer or the General Partner or any other party under any material contract, lease, agreement, instrument or commitment to which the Developer or the General Partner is a party or by which the company or its properties is bound.

7. To the best of my knowledge after diligent inquiry, all of the assets of the Developer or the General Partner are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in the Documents.

8. The execution, delivery and performance of the Documents by the Developer or the General Partner 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.

9. To the best of my knowledge after diligent inquiry, the Developer or the General Partner own or possess or is licensed or otherwise have 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.

10. 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.

I am admitted to practice in the State of Illinois and I 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.

This opinion is issued at the Developer's and the General Partner's request for the benefit of the City and its counsel, and may not be disclosed to or relied upon by any other person, except as required by law.

Very truly yours,

By: _____

Name: _____

**COOK COUNTY
RECORDER OF DEEDS**

**COOK COUNTY
RECORDER OF DEEDS**

Bank Name: Merchants Bank of Indiana

ABA/Routing No.:

Account Name: PGS Bronzeville TIF Loan Account

Account No.:

Reference: PGS Bronzeville III Tower Senior Project

H. The Developer further acknowledges and agrees that the payment directions set forth in paragraph F and G. above, as applicable, (i) remain in full force and effect and (ii) shall not be revoked or modified except in writing to the City signed by Developer and the Bridge Lender..

By: _____
Name
Title: _____

Subscribed and sworn before me this ____ day of _____
_____.

My commission expires: _____

Agreed and accepted:

Name
Title: _____
City of Chicago
Department of Planning and Development

EXHIBIT L

HUD-REQUIRED PROVISIONS RIDER

See attached.

COOK COUNTY \\
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

HUD RIDER TO RESTRICTIVE COVENANTS

This RIDER TO RESTRICTIVE COVENANTS is made as of December 1, 2016, by PGS Bronzeville III Limited Partnership, an Illinois limited partnership ("Developer"), Grand Boulevard Housing IV, LLC, an Illinois limited liability company and the general partner of the Developer (the "General Partner"), and Bronzeville Housing and Community Development Corporation, an Illinois not-for-profit corporation, and a member of the General Partner ("BHCCDC") and the City of Chicago, an Illinois municipal corporation ("City").

WHEREAS, Developer has obtained financing from P/R Mortgage & Investment Corp. ("Lender") for the benefit of the project known as Paul G. Stewart Apartments – Phase IIIA ("Project"), which loan is secured by a Multifamily Mortgage, Assignment of Leases and Rents and Security Agreement (Illinois) ("Security Instrument") dated as of December 1, 2016, and recorded in the Recorder's Office of Cook County, Illinois ("Records") on December 29, 2016 as Document Number 1636444100, and is insured by the United States Department of Housing and Urban Development ("HUD");

WHEREAS, Developer, General Partner and BHCCDC have received tax increment financing from the City, which the City is requiring certain restrictions be recorded against the Project; and

WHEREAS, Developer, General Partner and BHCCDC will enter into that certain PGS Bronzeville III Limited Partnership Redevelopment Agreement ("Restrictive Covenants") with respect to the Project, dated as of December 1, 2016 and recorded in the Records;

WHEREAS, HUD requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Security Instrument; and

WHEREAS, the City has agreed to subordinate the Restrictive Covenants to the lien of the Mortgage Loan in accordance with the terms of this Rider.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

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

"HUD Regulatory Agreement" means the Regulatory Agreement between Developer and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

"Lender" means P/R Mortgage & Investment Corp., its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Developer pursuant to the Mortgage Loan Documents with respect to the Project.

"Mortgage Loan Documents" means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Program Obligations" has the meaning set forth in the Security Instrument.

"Residual Receipts" has the meaning specified in the HUD Regulatory Agreement.

"Security Instrument" means the mortgage or deed of trust from Developer in favor of Lender, as the same may be supplemented, amended or modified.

"Surplus Cash" has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the "HUD Requirements"). Developer, General Partner and BHCDC each covenant that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the City's ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Developer, General Partner and BHCDC each represent and warrant that to the best of the applicable entity's knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.

(e) Developer, General Partner, BHCDC and the City acknowledge that the applicable party's failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) Except for the City's reporting requirement, in enforcing the Restrictive Covenants the City will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

- i. Available surplus cash, if the Developer, General Partner or BHCDC is a for-profit entity;
- ii. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Developer, General Partner or BHCDC is a limited distribution entity; or
- iii. Available residual receipts authorized by HUD, if the Developer, General Partner or BHCDC is a non-profit entity; or
- iv. A HUD-approved collateral assignment of any HAP contract.

(g) For so long as the Mortgage Loan is outstanding, Developer, General Partner, BHCDC and City shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the City may require the Developer, General Partner and/or BHCDC to indemnify and hold the City harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against City relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that the applicable party's obligation to indemnify and hold the City harmless shall be limited to available surplus cash and/or residual receipts of the Developer, General Partner and/or BHCDC.

(i) No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the notes or bonds, or prohibiting the owner from taking any action that might jeopardize the tax-exemption, except in strict accord with Program Obligations.

[The remainder of this page is intentionally left blank; signatures to follow]


Executed as of the date set forth above.

DEVELOPER:

PGS BRONZEVILLE III LIMITED PARTNERSHIP, an Illinois limited partnership

By: Grand Boulevard Housing Iv, LLC, an Illinois limited liability company
Its General Partner

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation
Its Manager

By: 
Fred L. Bonner
Its Chief Executive Officer

GENERAL PARTNER:

GRAND BOULEVARD HOUSING IV, LLC, an Illinois limited liability company

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation
Its Manager

By: 
Fred L. Bonner
Its Chief Executive Officer

BHCDC:

BRONZEVILLE HOUSING AND COMMUNITY DEVELOPMENT CORPORATION, an Illinois not-for-profit corporation

By: _____
Kenneth Grant
President & Director

CITY:

CITY OF CHICAGO

By: _____
David L. Reifman
Its Commissioner
Department of Planning and Development

Executed as of the date set forth above.

DEVELOPER:

PGS BRONZEVILLE III LIMITED PARTNERSHIP, an Illinois limited partnership

By: Grand Boulevard Housing Iv, LLC, an Illinois limited liability company
Its General Partner

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation
Its Manager

By: _____
Fred L. Bonner
Its Chief Executive Officer

GENERAL PARTNER:

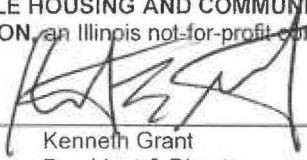
GRAND BOULEVARD HOUSING IV, LLC, an Illinois limited liability company

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation
Its Manager

By: _____
Fred L. Bonner
Its Chief Executive Officer

BHCDC:

BRONZEVILLE HOUSING AND COMMUNITY DEVELOPMENT CORPORATION, an Illinois not-for-profit corporation

By: 
Kenneth Grant
President & Director

CITY:

CITY OF CHICAGO

By: _____
David L. Reifman
Its Commissioner
Department of Planning and Development

Executed as of the date set forth above.

DEVELOPER:

PGS BRONZEVILLE III LIMITED PARTNERSHIP, an Illinois limited partnership

By: Grand Boulevard Housing Iv, LLC, an Illinois limited liability company
Its General Partner

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation
Its Manager

By: _____
Fred L. Bonner
Its Chief Executive Officer

GENERAL PARTNER:

GRAND BOULEVARD HOUSING IV, LLC, an Illinois limited liability company

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation
Its Manager

By: _____
Fred L. Bonner
Its Chief Executive Officer

BHDCDC:

BRONZEVILLE HOUSING AND COMMUNITY DEVELOPMENT CORPORATION, an Illinois not-for-profit corporation

By: _____
Kenneth Grant
President & Director

CITY:

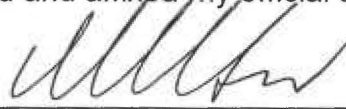
CITY OF CHICAGO

By: _____
David L. Reifman
Its Commissioner
Department of Planning and Development

STATE OF ILLINOIS
COUNTY OF COON

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that on this 12-28-2016, FRED BONNER, 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 (s)he signed and delivered the said instrument as his/her free and voluntary act and the free and voluntary act of PBS BRONZEVILLE II LIMITED for the purposes therein set forth. PARTNERSHIP

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



[seal]

Notary Public



STATE OF ILLINOIS
COUNTY OF COOK

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that on this 12-28-2016, FRED BONNETT, 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 (s)he signed and delivered the said instrument as his/her free and voluntary act and the free and voluntary act of GRAND BOULEVARD HOUSING IV, LLC for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

[Handwritten Signature]

[seal]

Notary Public



STATE OF ILLINOIS }
COUNTY OF COOK } SS.

SUBSCRIBED AND SWORN TO BEFORE ME
THIS 29th DAY OF DECEMBER 2016 BY
KENNETH GRANT, PRESIDENT AND DIRECTOR
OF BRONZEVILLE HOUSING AND COMMUNITY
DEVELOPMENT CORPORATION.

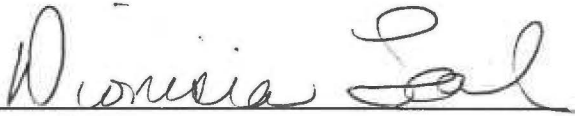


[Handwritten Signature]
W. M. SNOW

STATE OF ILLINOIS
COUNTY OF COOK

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that on this December 28, 2016, David L. Reifman, 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 (s)he signed and delivered the said instrument as his/her free and voluntary act and the free and voluntary act of the City of Chicago for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.



Notary Public

[seal]

