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**2011 Annual Report**

**Goose Island  
Redevelopment Project Area**



**Pursuant to 65 ILCS 5/11-74.4-5(d)**

*JUNE 30, 2012*

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**ANNUAL TAX INCREMENT FINANCE REPORT  
OFFICE OF ILLINOIS COMPTROLLER JUDY BAAR TOPINKA**

Name of Municipality: Chicago  
 County: Cook  
 Unit Code: 016/620/30

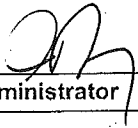
Reporting Fiscal Year: **2011**  
 Fiscal Year End: 12/31/2011

**TIF Administrator Contact Information**

First Name: Andrew J.  
 Address: City Hall 121 N. LaSalle  
 Telephone: (312) 744-0025  
 E-Mail: TIFReports@cityofchicago.org

Last Name: Mooney  
 Title: TIF Administrator  
 City: Chicago, IL Zip: 60602

I attest to the best of my knowledge, this report of the redevelopment project areas in:  
**City/Village of Chicago** is complete and accurate at the end of this reporting  
 Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.]  
 Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]


6.15.12  
Date

Written signature of TIF Administrator

**Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)\***

**FILL OUT ONE FOR EACH TIF DISTRICT**

Name of Redevelopment Project Area	Date Designated	Date Terminated
105th/Vincennes	10/3/2001	12/31/2025
111th Street/Kedzie Avenue Business District	9/29/1999	9/29/2022
119th and Halsted	2/6/2002	12/31/2026
119th/I-57	11/6/2002	12/31/2026
126th and Torrence	12/21/1994	12/21/2017
134th and Avenue K	3/12/2008	12/31/2032
24th/Michigan	7/21/1999	7/21/2022
26th and King Drive	1/11/2006	12/31/2030
35th and Wallace	12/15/1999	12/31/2023
35th/Halsted	1/14/1997	12/31/2021
35th/State	1/14/2004	12/31/2028
40th/State	3/10/2004	12/31/2028
43rd/Cottage Grove	7/8/1998	12/31/2022
45th/Western Industrial Park Conservation Area	3/27/2002	12/31/2026
47th/Ashland	3/27/2002	12/31/2026
47th/Halsted	5/29/2002	12/31/2026
47th/King Drive	3/27/2002	12/31/2026
47th/State	7/21/2004	12/31/2028
49th Street/St. Lawrence Avenue	1/10/1996	12/31/2020
51st/ Archer	5/17/2000	12/31/2024
53rd Street	1/10/2001	12/31/2025
60th and Western	5/9/1996	5/9/2019

\*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]



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 Fiscal Year End: 12 / 31 / **2011**

63rd/Ashland	3/29/2006	12/31/2030
63rd/Pulaski	5/17/2000	12/31/2024
67th/Cicero	10/2/2002	12/31/2026
67th/Wentworth	5/04/2011	12/31/2035
69th/Ashland	11/3/2004	12/31/2028
71st and Stony Island	10/7/1998	10/7/2021
72nd and Cicero	11/17/1993	11/17/2016
73rd and Kedzie	11/17/1993	11/17/2016
73rd/University	9/13/2006	12/31/2030
79th and Cicero	6/8/2005	12/31/2029
79th Street Corridor	7/8/1998	7/8/2021
79th Street/Southwest Highway	10/3/2001	12/31/2025
79th/Vincennes	9/27/2007	12/31/2031
83rd/Stewart	3/31/2004	12/31/2028
87th/Cottage Grove	11/13/2002	12/31/2026
89th and State	4/1/1998	4/1/2021
95th and Western	7/13/1995	7/13/2018
95th Street and Stony Island	5/16/1990	12/31/2014
Addison Corridor North	6/4/1997	6/4/2020
Addison South	5/9/2007	12/31/2031
Archer Courts	5/12/1999	12/31/2023
Archer/ Central	5/17/2000	12/31/2024
Archer/Western	2/11/2009	12/31/2033
Armitage/Pulaski	6/13/2007	12/31/2031
Austin/Commercial	9/27/2007	12/31/2031
Avalon Park/South Shore	7/31/2002	12/31/2026
Avondale	7/29/2009	12/31/2033
Belmont/ Central	1/12/2000	12/31/2024
Belmont/Cicero	1/12/2000	12/31/2024
Bronzeville	11/4/1998	12/31/2022
Bryn Mawr/Broadway	12/11/1996	12/11/2019
Calumet Avenue/Cermak Road	7/29/1998	7/29/2021
Calumet River	3/10/2010	12/31/2034
Canal/Congress	11/12/1998	12/31/2022
Central West	2/16/2000	12/31/2024
Chatham-Ridge	12/18/1986	12/31/2010 (1)
Chicago/ Kingsbury	4/12/2000	12/31/2024
Chicago/Central Park	2/27/2002	12/31/2026
Chicago Lakeside Development – Phase 1 (USX)	5/12/2010	12/31/2034
Cicero/Archer	5/17/2000	12/31/2024
Clark Street and Ridge Avenue	9/29/1999	9/29/2022
Clark/Montrose	7/7/1999	7/7/2022
Commercial Avenue	11/13/2002	12/31/2026
Devon/Sheridan	3/31/2004	12/31/2028

(1) This TIF has been terminated; however, the sales tax portion continues to exist for the sole purpose of servicing outstanding obligations which may be retired early at which point the sales tax portion will also terminate.



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Name of Municipality: Chicago  
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Devon/Western	11/3/1999	12/31/2023
Diversey/ Narragansett	2/5/2003	12/31/2027
Division/Homan	6/27/2001	12/31/2025
Division/North Branch	3/15/1991	3/15/2014
Division-Hooker	7/10/1996	7/10/2019
Drexel Boulevard	7/10/2002	12/31/2026
Eastman/North Branch	10/7/1993	10/7/2016
Edgewater/ Ashland	10/1/2003	12/31/2027
Elston/Armstrong Industrial Corridor	7/19/2007	12/31/2031
Englewood Mall	11/29/1989	11/29/2012
Englewood Neighborhood	6/27/2001	12/31/2025
Ewing Avenue	3/10/2010	12/31/2034
Forty-first Street and Dr. Martin Luther King, Jr. Drive	7/13/1994	7/13/2017
Fullerton/ Milwaukee	2/16/2000	12/31/2024
Galewood/Armitage Industrial	7/7/1999	7/7/2022
Goose Island	7/10/1996	7/10/2019
Greater Southwest Industrial Corridor (East)	3/10/1999	12/31/2023
Greater Southwest Industrial Corridor (West)	4/12/2000	12/31/2024
Harlem Industrial Park Conservation Area	3/14/2007	12/31/2031
Harrison/Central	7/26/2006	12/31/2030
Hollywood/Sheridan	11/7/2007	12/31/2031
Homan/Grand Trunk	12/15/1993	12/15/2016
Homan-Arthington	2/5/1998	2/5/2021
Howard-Paulina	10/14/1988	12/31/2012
Humboldt Park Commercial	6/27/2001	12/31/2025
Irving Park/Elston	5/13/2009	12/31/2033
Irving/Cicero	6/10/1996	12/31/2020
Jefferson Park Business District	9/9/1998	9/9/2021
Jefferson/ Roosevelt	8/30/2000	12/31/2024
Kennedy/Kimball	3/12/2008	12/31/2032
Kinzie Industrial Corridor	6/10/1998	6/10/2021
Kostner Avenue	11/5/2008	12/31/2032
Lake Calumet Area Industrial	12/13/2000	12/31/2024
Lakefront	3/27/2002	12/31/2026
Lakeside/Clarendon	7/21/2004	12/31/2028
LaSalle Central	11/15/2006	12/31/2030
Lawrence/ Kedzie	2/16/2000	12/31/2024
Lawrence/Broadway	6/27/2001	12/31/2025
Lawrence/Pulaski	2/27/2002	12/31/2026
Lincoln Avenue	11/3/1999	12/31/2023
Lincoln-Belmont-Ashland	11/2/1994	11/2/2017
Little Village East	4/22/2009	12/31/2033
Little Village Industrial Corridor	6/13/2007	12/31/2031
Madden/Wells	11/6/2002	12/31/2026



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Madison/Austin Corridor	9/29/1999	12/31/2023
Michigan/Cermak	9/13/1989	12/31/2013
Midway Industrial Corridor	2/16/2000	12/31/2024
Midwest	5/17/2000	12/31/2024
Montclare	8/30/2000	12/31/2024
Montrose/Clarendon	6/30/2010	12/31/2034
Near North	7/30/1997	7/30/2020
Near South	11/28/1990	12/31/2014
Near West	3/23/1989	12/31/2013
North Branch (North)	7/2/1997	12/31/2021
North Branch (South)	2/5/1998	2/5/2021
North Pullman	6/30/2009	12/31/2033
North-Cicero	7/30/1997	7/30/2020
Northwest Industrial Corridor	12/2/1998	12/2/2021
Ogden/Pulaski	4/9/2008	12/31/2032
Ohio/Wabash	6/7/2000	12/31/2024
Pershing/King	9/5/2007	12/31/2031
Peterson/ Cicero	2/16/2000	12/31/2024
Peterson/ Pulaski	2/16/2000	12/31/2024
Pilsen Industrial Corridor	6/10/1998	12/31/2022
Portage Park	9/9/1998	9/9/2021
Pratt/Ridge Industrial Park Conservation Area	6/23/2004	12/31/2028
Pulaski Corridor	6/9/1999	6/9/2022
Randolph and Wells	6/9/2010	12/31/2034
Ravenswood Corridor	3/9/2005	12/31/2029
Read-Dunning	1/11/1991	12/31/2015
River South	7/30/1997	7/30/2020
River West	1/10/2001	12/31/2025
Roosevelt/Canal	3/19/1997	12/31/2021
Roosevelt/Cicero	2/5/1998	2/5/2021
Roosevelt/Racine	11/4/1998	12/31/2022
Roosevelt/Union	5/12/1999	5/12/2022
Roosevelt-Homan	12/5/1990	12/31/2014
Roseland/Michigan	1/16/2002	12/31/2026
Sanitary Drainage and Ship Canal	7/24/1991	7/24/2014
South Chicago	4/12/2000	12/31/2024
South Works Industrial	11/3/1999	12/31/2023
Stevenson/Brighton	4/11/2007	12/31/2031
Stockyards Annex	12/11/1996	12/31/2020
Stockyards Industrial Commercial	3/9/1989	12/31/2013
Stockyards Southeast Quadrant Industrial	2/26/1992	2/26/2015
Stony Island Avenue Commercial and Burnside Industrial Corridors	6/10/1998	6/10/2033
Touhy/Western	9/13/2006	12/31/2030
Weed/Fremont	1/8/2008	12/31/2032



**This page was revised August, 2012 upon the recommendation of the Office of the Illinois Comptroller.**

**SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]**

<b>Name of Redevelopment Project Area: Goose Island Redevelopment Project Area</b>
<b>Primary Use of Redevelopment Project Area*: Combination/Mixed</b>
<b>If "Combination/Mixed" List Component Types: Commercial/Industrial</b>
<b>Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):</b>
<b>Tax Increment Allocation Redevelopment Act <input checked="" type="checkbox"/> Industrial Jobs Recovery Law <input type="checkbox"/></b>

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] <b>If yes, please enclose the amendment labeled Attachment A</b>	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] <b>Please enclose the CEO Certification labeled Attachment B</b>		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] <b>Please enclose the Legal Counsel Opinion labeled Attachment C</b>		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] <b>If yes, please enclose the Activities Statement labeled Attachment D</b>		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] <b>If yes, please enclose the Agreement(s) labeled Attachment E</b>	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] <b>If yes, please enclose the Additional Information labeled Attachment F</b>		X
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] <b>If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G</b>	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] <b>If yes, please enclose the Joint Review Board Report labeled Attachment H</b>	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] <b>If yes, please enclose the Official Statement labeled Attachment I</b>	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] <b>If yes, please enclose the Analysis labeled Attachment J</b>	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2)] <b>If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K</b>		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] <b>If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L</b>		X
A list of all intergovernmental agreements in effect in FY 2011, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] <b>If yes, please enclose list only of the intergovernmental agreements labeled Attachment M</b>	X	

\* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

**SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))**  
**Provide an analysis of the special tax allocation fund.**

Reporting Year	Cumulative *
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Fund Balance at Beginning of Reporting Period \$ 10,171,100

**Revenue/Cash Receipts Deposited in Fund During Reporting FY:**

			% of Total
Property Tax Increment	4,244,474	\$ 33,277,142	66%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	12,467		0%
Land/Building Sale Proceeds			0%
Bond Proceeds		16,800,000	34%
Transfers in from Municipal Sources (Porting in)			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

**Total Amount Deposited in Special Tax Allocation Fund During Reporting Period** 4,256,941

**Cumulative Total Revenues/Cash Receipts** \$ 50,077,142 100%

**Total Expenditures/Cash Disbursements** (Carried forward from Section 3.2) 2,912,247

**Transfers out to Municipal Sources (Porting out)** -

**Distribution of Surplus** -

**Total Expenditures/Disbursements** 2,912,247

**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS** 1,344,694

**FUND BALANCE, END OF REPORTING PERIOD** \$ 11,515,794

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

\* Except as set forth in the next sentence, each amount reported on the rows below, if any, is cumulative from the inception of the respective Project Area. Cumulative figures for the categories of 'Interest,' 'Land/Building Sale Proceeds' and 'Other' may not be fully available for this report due to either of the following: (i) the disposal of certain older records pursuant to the City's records retention policy, or (ii) the availability of records only from January 1, 1997 forward.



**SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))**  
**ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND**  
 (by category of permissible redevelopment cost, amounts expended during reporting period)

**FOR AMOUNTS >\$10,000 SECTION 3.2 B MUST BE COMPLETED**

**Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]**

		Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)	71,172	
		\$ 71,172
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)	766,327	
		\$ 766,327
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
		\$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)	2,074,748	
		\$ 2,074,748
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
<b>TOTAL ITEMIZED EXPENDITURES</b>		\$ 2,912,247

**Section 3.2 B**

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.\*

Name	Service	Amount
City Staff Costs <sup>1</sup>	Administration	\$52,216
Wm. Wrigley Jr. Co.	Development	\$766,327
Amalgamated Bank of Chicago	Financing	\$2,074,748

<sup>1</sup> Costs relate directly to the salaries and fringe benefits of employees working solely on tax increment financing districts.

\* This table may include payments for Projects that were undertaken prior to 11/1/1999.

**SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))  
 Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period  
 (65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))**

**FUND BALANCE, END OF REPORTING PERIOD** \$ 11,515,794

	Amount of Original Issuance	Amount Committed
<b>1. Description of Debt Obligations</b>		
Committed for debt service	\$ 16,800,000	\$ 4,381,589

**Total Amount Committed for Obligations** \$ 16,800,000    \$ 4,381,589

<b>2. Description of Project Costs to be Paid</b>		
Committed for future redevelopment project costs		\$ 6,466,205

**Total Amount Committed for Project Costs** \$ 6,466,205

**TOTAL AMOUNT COMMITTED** \$ 10,847,794

**SURPLUS\*/(DEFICIT)** \$ 668,000

\*NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts.

**SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]**

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

  X   **No property was acquired by the Municipality Within the Redevelopment Project Area**

**SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)**

Please include a brief description of each project.

See "General Notes" Below.	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
<b>TOTAL:</b>			
Private Investment Undertaken	\$ 13,570,460	\$ -	\$ 146,113,152
Public Investment Undertaken	\$ 16,665,895	\$ 776,041	\$ 30,875,000
Ratio of Private/Public Investment	57/70		4 52/71
<b>Project 1:</b>			
<b>Wm. Wrigley Jr. Company</b>	Project is Ongoing ***		
Private Investment Undertaken			\$ 69,330,000
Public Investment Undertaken	\$ 3,706,725	\$ 478,133	\$ 15,000,000
Ratio of Private/Public Investment	0		4 51/82
<b>Project 2:</b>			
<b>Gooseland Venture LLC</b>	Project Completed		
Private Investment Undertaken	\$ 13,570,460		\$ -
Public Investment Undertaken	\$ 1,212,753		\$ -
Ratio of Private/Public Investment	11 15/79		0
<b>Project 3:</b>			
<b>Republic Windows and Doors</b>	Project is Ongoing ***		
Private Investment Undertaken			\$ 28,399,402
Public Investment Undertaken	\$ 10,433,394		\$ 9,625,000
Ratio of Private/Public Investment	0		2 77/81
<b>Project 4:</b>			
<b>River Works LLC</b>	Project is Ongoing ***		
Private Investment Undertaken			\$ 33,300,000
Public Investment Undertaken	\$ 1,220,023		\$ 5,000,000
Ratio of Private/Public Investment	0		6 33/50
<b>Project 5:</b>			
<b>Small Business Improvement Fund (SBIF) **</b>	Project is Ongoing ***		
Private Investment Undertaken			\$ 1,000,000
Public Investment Undertaken	\$ 93,000	\$ 135,667	\$ 500,000
Ratio of Private/Public Investment	0		2
<b>Project 6:</b>			
<b>WaterSaver Faucet - Phase I</b>	Project is Ongoing ***		
Private Investment Undertaken (See Instructions)			\$ 14,083,750
Public Investment Undertaken		\$ 162,241	\$ 750,000
Ratio of Private/Public Investment	0		18 7/9

\*\* Depending on the particular goals of this type of program, the City may: i) make an advance disbursement of the entire public investment amount to the City's program administrator, ii) disburse the amounts through an escrow account, or iii) pay the funds out piecemeal to the program administrator as each ultimate grantee's rehabilitation work is approved under the program.

\*\*\* As of the last date of the reporting fiscal year, the construction of this Project was ongoing; the Private Investment Undertaken and Ratio figures for this Project will be reported on the Annual Report for the fiscal year in which the construction of the Project is completed and the total Private Investment figure is available.

## General Notes

(a) Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore, may include private equity, private lender financing, private grants, other public monies, or other local, state or federal grants or loans.

(b) Each amount reported here under Public Investment Undertaken, Total Estimated to Complete Project, is the maximum amount of payments financed by tax increment revenues that could be made pursuant to the corresponding Project's operating documents, but not including interest that may later be payable on developer notes, and may not necessarily reflect actual expenditures, if any, as reported in Section 3 herein. The total public investment amount ultimately made under each Project will depend upon the future occurrence of various conditions, including interest that may be payable on developer notes as set forth in the Project's operating documents.

(c) Each amount reported here under Public Investment Undertaken, 11/1/1999 to Date, is cumulative from the Date of execution of the corresponding Project to the end of the reporting year, and may include interest amounts paid to finance the Public Investment amount. Projects undertaken prior to 11/1/1999 are not reported on this table.

(d) Intergovernmental agreements, if any, are reported on Attachment M hereto.



STATE OF ILLINOIS        )  
                                  ) SS  
COUNTY OF COOK        )

**Attachment B**

CERTIFICATION

TO:

Judy Baar Topinka  
Comptroller of the State of Illinois  
James R. Thompson Center  
100 West Randolph Street, Suite 15-500  
Chicago, Illinois 60601  
Attention: June Canello, Director of Local  
Government

Jean-Claude Brizard  
Chief Executive Officer  
Chicago Board of Education  
125 South Clark Street, 5th Floor  
Chicago, Illinois 60603

James R. Dempsey, Controller  
City Colleges of Chicago  
226 West Jackson Boulevard, Room 1125  
Chicago, Illinois 60606

Jacqueline Torres, Director of Finance  
Metropolitan Water Reclamation District of  
Greater Chicago  
100 East Erie Street, Room 2429  
Chicago, Illinois 60611

Herman Brewer  
Director  
Cook County Bureau of Planning & Dev.  
69 West Washington Street, Suite 2900  
Chicago, Illinois 60602

Douglas Wright  
South Cook County Mosquito Abatement  
District  
155th & Dixie Highway  
P.O. Box 1030  
Harvey, Illinois 60426

Lawrence Wilson, Comptroller  
Forest Preserve District of Cook County  
69 W. Washington Street, Suite 2060  
Chicago, IL 60602

Michael P. Kelly, General Superintendent &  
CEO  
Chicago Park District  
541 North Fairbanks  
Chicago, Illinois 60611

I, Rahm Emanuel, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the "Act") with regard to the Goose Island Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

## Attachment B

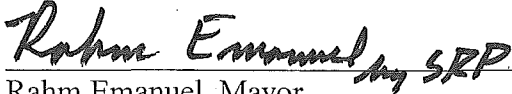
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2011, the City complied, in all material respects, with the requirements of the Law, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 29th day of June, 2012.

  
Rahm Emanuel, Mayor  
City of Chicago, Illinois



DEPARTMENT OF LAW

June 29, 2012

CITY OF CHICAGO

Attachment C

Judy Baar Topinka  
Comptroller of the State of Illinois  
James R. Thompson Center  
100 West Randolph Street, Suite 15-500  
Chicago, Illinois 60601  
Attention: June Canello, Director of Local  
Government

Jean-Claude Brizard  
Chief Executive Officer  
Chicago Board of Education  
125 South Clark Street, 5th Floor  
Chicago, Illinois 60603

James R. Dempsey, Controller  
City Colleges of Chicago  
226 West Jackson Boulevard, Room 1125  
Chicago, Illinois 60606

Jacqueline Torres, Director of Finance  
Metropolitan Water Reclamation District  
of Greater Chicago  
100 East Erie Street, Room 2429  
Chicago, Illinois 60611

Herman Brewer  
Director  
Cook County Bureau of Planning & Dev.  
69 West Washington Street, Suite 2900  
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Douglas Wright  
South Cook County Mosquito Abatement  
District  
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Harvey, Illinois 60426

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Forest Preserve District of Cook County  
69 W. Washington Street, Suite 2060  
Chicago, IL 60602

Michael P. Kelly, General Superintendent  
& CEO  
Chicago Park District  
541 North Fairbanks  
Chicago, Illinois 60611

Re: Goose Island  
Redevelopment Project Area (the "Redevelopment Project  
Area")

Dear Addressees:

I am the Corporation Counsel of the City of Chicago, Illinois (the "City") and, in such capacity, I am the head of the City's Law Department. In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 *et seq.* (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.

## Attachment C

Opinion of Counsel for 2011 Annual Report  
Page 2

June 29, 2012

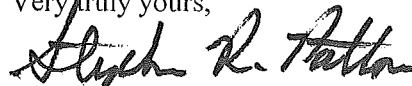
Attorneys, past and present, in the Law Department of the City and familiar with the requirements of the Act, have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area, and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Housing and Economic Development, Department of Finance and Office of Budget and Management (collectively, the "City Departments"), have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Stephen R. Patton  
Corporation Counsel

**SCHEDULE 1**

(Exception Schedule)

No Exceptions

Note the following Exceptions:

**ATTACHMENTS D, E and F**

**ATTACHMENT D**

**Activities Statement**

Projects that were implemented during the preceding fiscal year, if any, are set forth below:

<u>Name of Project</u>
WaterSaver Faucet - Phase I

Redevelopment activities undertaken within this Project Area during the preceding fiscal year, if any, have been made pursuant to: (i) the Redevelopment Plan for the Project Area, and (ii) any Redevelopment Agreements affecting the Project Area, and are set forth in Section 3 herein by TIF-eligible expenditure category.

**ATTACHMENT E**

**Agreements**

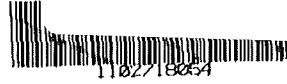
Agreements entered into concerning the disposition or redevelopment of property within the Project Area during the preceding fiscal year, if any, are attached hereto.

None

**ATTACHMENT F**

**Additional Information**

The amounts shown elsewhere in this report, including those shown in Section 3 herein, have been used to pay for project cost within the Project Area and for debt service (if applicable), all in furtherance of the objectives of the Redevelopment Plan for the Project Area.



Doc#: 1102718054 Fee: \$172.00  
 Eugene "Gene" Moore RHSP Fee: \$10.00  
 Cook County Recorder of Deeds  
 Date: 01/27/2011 04:06 PM Pg: 1 of 69

This agreement was prepared by and  
 after recording return to:  
 Keith A. May, Esq.  
 City of Chicago Law Department  
 121 North LaSalle Street, Room 600  
 Chicago, IL 60602

**1140 NORTH BRANCH DEVELOPMENT, LLC REDEVELOPMENT AGREEMENT**

This 1140 North Branch Development, LLC Redevelopment Agreement (this "**Agreement**") is made as of this 27<sup>th</sup> day of January, 2011, by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Housing and Economic Development ("**DHED**"), and 1140 North Branch Development, LLC, an Illinois limited liability company (the "**Developer**").

**RECITALS**

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

**B. Statutory Authority:** The City is authorized under the provisions of the **Tax Increment Allocation Redevelopment Act**, 65 ILCS 5/11-74.4-1 *et seq.*, as amended from time to time (the "**Act**"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

**C. City Council Authority:** To induce redevelopment pursuant to the Act, the City Council of the City (the "**City Council**") adopted the following ordinances on July 10, 1996: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Goose Island Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Goose Island Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Goose Island Redevelopment Project Area" (the "**TIF Adoption Ordinance**") (items(1)-(3) collectively referred to herein as the "**TIF Ordinances**"). The redevelopment project area referred to above (the "**Redevelopment Area**") is legally described in **Exhibit A** hereto.

NO 1100159 CM 10/1

10/1

**D. The Project:** The Developer has acquired (the "Acquisition") certain property located within the Redevelopment Area at 1140 North North Branch Street, Chicago, Illinois 60622 and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete rehabilitation of an approximately 71,000 square foot manufacturing and warehouse facility (the "Facility") thereon. The building will be used to relocate Developer's business manufacturing emergency eye wash and shower equipment currently located at 701 West Erie Street, Chicago, Illinois 60610, and major elements of the rehabilitation will include constructing a parking lot on the east side of North North Branch Street to provide parking for the employees of the Developer, construction of a new facade and new loading docks, installation of new windows and skylights, a new roof and new mechanical, plumbing and electrical systems. The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) 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 City of Chicago Goose Island Redevelopment Project Area Tax Increment Financing Program 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 the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

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:

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

"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 the Developer.



**"Annual Compliance Report"** shall mean a signed report from the Developer to the City (a) itemizing each of the Developer's obligations under the RDA during the preceding calendar year, (b) certifying the Developer's compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer is not in default with respect to any provision of the RDA, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) compliance with the Operating Covenant (**Section 8.06**), (2) compliance with the Jobs Covenant (**Section 8.06**), (3) delivery of Financial Statements and unaudited financial statements (**Section 8.13**), (4) delivery of updated insurance certificates, if applicable (**Section 8.14**), (5) delivery of evidence of payment of Non-Governmental Charges, if applicable (**Section 8.15**), and (6) compliance with all other executory provisions of the RDA.

**"Available Incremental Taxes"** shall mean an amount equal to 90% of the Incremental Taxes deposited in the Goose Island Redevelopment Project Area TIF Fund attributable to the taxes levied on the Property.

**"Certificate"** shall mean the Certificate of Completion of Rehabilitation 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.

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

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

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

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

Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

**"Equity"** shall mean funds of the Developer 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)**.

**"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 the Developer pursuant to **Section 6.01**.

**"Goose Island Area TIF Fund"** shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

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

**"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 Goose Island Area TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

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

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

**"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, 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 DHED, in accordance with **Section 3.03** hereof.

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

**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 L**, to be delivered by the Developer to DHED 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/ACSM 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).

**Term of the Agreement** shall mean the period of time commencing on the Closing Date and ending fifteen (15) years from the Closing Date.

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

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

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

**"Title Company"** shall mean Near North National Title, LLC.

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

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

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

### SECTION 3. THE PROJECT

**3.01 The Project.** With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of **Section 18.17** hereof: (i) commence construction no later than September 1, 2008; and (ii) complete construction and conduct business operations therein no later than September 1, 2009.

**3.02 Scope Drawings and Plans and Specifications.** The Developer has delivered the Scope Drawings and Plans and Specifications to DHED and DHED has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DHED 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 DHED, and DHED has approved, a Project Budget showing total costs for the Project in an amount not less than Sixteen Million Seventy-Seven Thousand Seven Hundred Ninety-Nine and 00/100 Dollars (\$16,077,799). The Developer hereby certifies to the City that (a) the Equity described in **Section 4.02** hereof, shall be sufficient to complete the Project and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DHED certified copies of any Change Orders with respect to the Project Budget for approval pursuant to **Section 3.04** hereof.

**3.04 Change Orders.** Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DHED concurrently with the progress reports described in **Section 3.07** hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to DHED for DHED's prior written approval: (a) a reduction in the square footage of the Facility by more than 5%; (b) a change in the use of the Property to a use other than a manufacturing facility; or (c) a delay in the completion of the Project of more than ninety (90) days; or Change Orders collectively costing more than 10% of the Project Budget. The

Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DHED's written approval (to the extent required in this section). The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this **Section 3.04**, DHED shall be notified in writing of all Change Orders regardless of the cost prior to the implementation thereof and the Developer, in connection with such notice, shall identify to DHED the source of funding therefor.

**3.05 DHED Approval.** Any approval granted by DHED 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 DHED pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

**3.06 Other Approvals.** Any DHED 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 DHED'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 DHED 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 DHED's written approval pursuant to **Section 3.04**). The Developer shall provide three (3) copies of an updated Survey to DHED upon the request of DHED, reflecting improvements made to the Property.

**3.08 [Intentionally Deleted].**

**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. DHED retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

**3.10 Signs and Public Relations.** The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications.

**3.11 Utility Connections.** The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of

the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

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

**SECTION 4. FINANCING**

**4.01 Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$16,077,799, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <b>Sections 4.03(b) and 4.06</b> )	\$16,077,799
<b>ESTIMATED TOTAL</b>	<b>\$16,077,799</b>

**4.02 Developer Funds.** Equity shall be used to pay all Project costs, including but not limited to Redevelopment Project costs and costs of TIF-Funded Improvements.

**4.03 City Funds.**

(a) Uses of City Funds. City Funds may only be used to reimburse the Developer for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. **Exhibit C** sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be reimbursed from City Funds for each line item therein (subject to **Sections 4.03(b) and 4.05(d)**), contingent upon receipt by the City of documentation satisfactory in form and substance to DHED evidencing such cost and its eligibility as a Redevelopment Project Cost. City Funds shall not be paid to the Developer hereunder prior to the issuance of a Certificate.

(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 from the sources and in the amounts described directly below (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Available Incremental Taxes	\$750,000

provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed the lesser of Seven Hundred Fifty Thousand and 00/100 Dollars (\$750,000) or 4.7% of the actual total Project costs, and provided, however, that is the actual total project costs (exclusive of Developer fees) upon completion of the Project are less than the estimated total Project costs itemized in the Project Budget at **Exhibit H-1** then the total amount of City Funds will be reduced by \$.50 for every \$1.00 the actual Project costs is below the Project Budget; and provided further, that the \$750,000 to be derived from Available Incremental Taxes shall be available to pay costs related to TIF-Funded Improvements and allocated by the City for that

purpose only so long as:

(i) The amount of the Available Incremental Taxes deposited into the Goose Island Area TIF Fund shall be sufficient to pay for such costs; and

(ii) The City has been reimbursed from Available Incremental Taxes for the amount previously disbursed by the City for TIF-Funded Improvements.

The Developer acknowledges and agrees that the City's obligation to pay for TIF-Funded Improvements up to a maximum of \$750,000 is contingent upon the fulfillment of the conditions set forth in parts (i) and (ii) above. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer pursuant to **Section 4.01** hereof shall increase proportionately.

**4.04 Requisition Form.** Each October 1 beginning in the year following the issuance of the Certificate and continuing throughout the earlier of (i) July 10, 2019 or (ii) the date that the Developer has been reimbursed in full under this Agreement, the Developer shall provide DHED with a Requisition Form, along with the documentation described therein. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than one time per calendar year (or as otherwise permitted by DHED). Beginning in the year following the issuance of the Certificate and continuing throughout the Term of the Agreement, the Developer shall meet with DHED at the request of DHED to discuss the Requisition Form(s) previously delivered. Payment of the City funds shall occur on or before the April 1 following receipt of the Requisition Form; provided however that no payment shall occur after July 10, 2019.

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

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

**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 Fund hereunder, the Developer shall submit documentation regarding the applicable expenditures to DHED, which shall be satisfactory to DHED in its reasonable discretion. Delivery by the Developer to DHED 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 disbursement request represents the actual cost of the Acquisition or the actual amount payable to (or paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees;

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

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

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

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

(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.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any 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. In addition, the Developer 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 Ordinances and this Agreement.

**4.08 Conditional Grant.** The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in **Section 15.02** hereof.

## 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 DHED, and DHED 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 DHED, and DHED has approved, the Scope Drawings and Plans and Specifications 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 DHED.

**5.04 Financing.** The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity in the amounts set forth in **Section 4.01** hereof to complete the Project and satisfy its obligations under this Agreement. 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 DHED, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DHED'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 under the Developer's name (and also the following entities: Guardian Equipment, Inc., Water Saver Faucet Co. and Adams Real Estate Holdings, LLC) 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, Pending suits and judgments Cook County	

showing no liens against the Developer, 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 DHED.

**5.09 Opinion of the Developer's Counsel.** On the Closing Date, the Developer has furnished the City with an opinion of counsel, substantially in the form attached hereto as **Exhibit J**, with such changes as required by or acceptable to Corporation Counsel. If the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in **Exhibit J** hereto, such opinions were obtained by the Developer from its general corporate counsel.

**5.10 Evidence of Prior Expenditures.** The Developer has provided evidence satisfactory to DHED 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 has provided Financial Statements to DHED for its most recent fiscal year, and audited or unaudited interim financial statements.

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

**5.13 Environmental.** The Developer has provided DHED with copies all environmental reports or audits obtained by Developer or Owner with respect to the Property, and if not covered by such reports, a phase I environmental audit for any un-assessed portion of the Property. The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit, authorizing the City to rely on such audit. If there has been a notice from any governmental agency regarding environmental issues, Developer must provide written verification from the appropriate municipal, state and/or federal environmental agency that all identified environmental issues have been resolved to its satisfaction. The City reserves the right to require, at Developer's expense, additional environmental studies if, in DHED's sole determination, the initial ones are inadequate.

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

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

## SECTION 6. AGREEMENTS WITH CONTRACTORS

**6.01 General Contractor and Subcontractors.** The Developer shall submit copies of the Construction Contract to DHED 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 DHED within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DHED and all requisite permits have been obtained.

**6.02 Construction Contract.** Prior to the execution thereof, the Developer shall deliver to DHED a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above, for DHED's prior written approval, which shall be granted or denied within ten (10) business days after delivery hereof. Within ten (10) business days after execution of such contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to DHED and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

**6.03 [Intentionally Deleted].**

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

**6.05 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 8.09 (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 DHED within five (5) business days of the execution thereof.

## SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

**7.01 Certificate of Completion of Construction or Rehabilitation.** Upon completion of the rehabilitation of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DHED shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DHED shall respond to the Developer's 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 in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures. The Certificate will not be issued until the following conditions have been met:

(a) the Developer has notified the City in writing that the Project has been completed as it is defined in this Agreement;

(b) verification in writing by the City's Monitoring and Compliance Unit that the developer is in full and complete compliance with the City's MBE/WBE, City residency and prevailing wage requirements;

(c) the Developer has satisfied all environmental requirements with respect to LEED certification and matters described in **Section 11** of this Agreement;

(d) evidence that the six (6) new jobs required by **Section 8.06** have been created and filled;

(e) Developer is operating the facility and has a minimum of 38 full-time employees employed at the facility through its affiliate Guardian Equipment, Inc.; and

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

Those covenants specifically described at Sections 8.02, 8.06, 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 or a permitted assignee of the Developer who, pursuant to **Section 18.15** of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

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

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

(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 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.

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

**SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.**

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

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

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

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

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

(e) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature;

(f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Developer which would impair its ability to perform under this Agreement;

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

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

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

in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements;

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DHED: (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's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

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

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

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

**8.02 Covenant to Redevelop.** Upon DHED'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 shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section 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 represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

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

**8.05 [Intentionally Deleted]**

**8.06 Job Creation and Retention; Covenant to Remain in the City.** Not less than 32 full-time equivalent, permanent jobs and 9 part-time, permanent jobs shall be retained by the Developer and/or Guardian Equipment, Inc. at the Project upon completion thereof; and not less than 6 additional full-time equivalent, permanent jobs shall be created by the Developer and/or Guardian Equipment, Inc. upon completion of the Project, for a total of 38 full-time equivalent, permanent jobs and 9 part-time equivalent, permanent jobs to be retained or created by the Developer at the Facility through the Term of the Agreement. The Developer and/or Guardian Equipment, Inc. hereby covenant and agree to maintain its operations within the City of Chicago at the site described above through the Term of the Agreement. The covenants set forth in this Section shall run with the land and be binding upon any transferee. Notwithstanding the provisions of this Section 8.06, the Commissioner of DHED, in his/her sole discretion, may (but is not required to) reduce or modify the above job retention and creation requirements upon presentation by the Developer and/or Guardian Equipment, Inc. of evidence of a substantial negative change in their operations that demonstrates their inability to meet such requirements.

**8.07 Employment Opportunity; Progress Reports.** The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City monthly written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DHED which shall outline, to DHED's satisfaction, the manner in which the Developer shall correct any shortfall.

**8.08 Employment Profile.** The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to DHED, from time to time, statements of its employment profile upon DHED's request.

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

**8.10 Arms-Length Transactions.** Unless DHED has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or

indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DHED's request, prior to any such disbursement.

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

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

**8.13 Financial Statements.** The Developer shall obtain and provide to DHED Financial Statements for the Developer's fiscal year ended 2008 and each year thereafter for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DHED may request.

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

**8.15 Non-Governmental Charges.** (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DHED, within thirty (30) days of DHED's request, official receipts from the appropriate entity, or other proof satisfactory to DHED, evidencing payment of the Non-Governmental Charge in question.

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

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or



(ii) at DHED's sole option, to furnish a good and sufficient bond or other security satisfactory to DHED in such form and amounts as DHED shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

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

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

**8.19 Real Estate Provisions.**

(a) Governmental Charges.

(i) Payment of Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create or may 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. 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 DHED of the Developer's intent to contest or object to a Governmental Charge and, unless, at DHED's sole option,

(i) the Developer shall demonstrate to DHED'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

(ii) the Developer shall furnish a good and sufficient bond or other security satisfactory to DHED in such form and amounts as DHED 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 DHED thereof in writing, at which time DHED may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DHED's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DHED deems advisable. All sums so paid by DHED, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DHED 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) Acknowledgment of Real Estate Taxes. The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum assessed value of the Property ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference for the years noted on Exhibit K; (B) Exhibit K sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (C) the real estate taxes anticipated to be generated and derived from the respective portions of the Property and the Project for the years shown are fairly and accurately indicated in Exhibit K.

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

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

(iv) **No Objections.** Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Property up to (but not above) the Minimum Assessed Value as shown in **Exhibit K**.

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

**8.20 [Intentionally Deleted]**

**8.21 [Intentionally Deleted].**

**8.22 [Intentionally Deleted].**

**8.23 Job Readiness Program.** The Developer shall undertake a job readiness program to work with the City, through the Mayor's Office of Workforce Development, to participate in job training programs to provide job applicants for the jobs created by the Project and the operation of the Developer's business on the Property.

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

**8.25 Annual Compliance Report.** Beginning with the issuance of the Certificate and continuing throughout the Term of the Agreement, the Developer shall submit to DHED the Annual Compliance Report within 30 days after the end of the calendar year to which the Annual Compliance Report relates.

## 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'S EMPLOYMENT OBLIGATIONS

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

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

(b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of

the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

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

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

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

(f) Failure to comply with the employment obligations described in this **Section 10.01** 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 agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

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

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

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

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DHED in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's

name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

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

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

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

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. **Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.**

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

The Developer shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

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

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

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

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

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.03. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DHED.

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

allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

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

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

(g) The Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 10.03, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

## SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following caused by or within the control of the Developer: (i) the presence of any Hazardous Material on or



under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

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

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

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

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

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

provided, however, that Developer shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this **Section 13.01** shall survive the termination of this Agreement.

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

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

**14.02 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 for the Term of the Agreement.

#### SECTION 15. DEFAULT AND REMEDIES

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

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

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

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

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

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

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

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

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

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

(j) prior to the expiration of the Term of the Agreement, the sale or transfer of a majority of the ownership interests of the Developer without the prior written consent of the City, which consent shall not be unreasonably denied.

For purposes of **Sections 15.01(h)** and **15.01(i)** hereof, a person with a material interest in the Developer shall be one owning in excess of ten (10%) of the Developer's issued and outstanding shares of stock.

**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. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief, the specific performance of the agreements contained herein, and/or repayment of some or all of the City Funds that the Developer has received upon the occurrence of a default.

**15.03 Curative Period.** In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured; provided, further, that there shall be no cure period under this Section 15.03 with respect to the Developer's failure to comply with the job creation/operation requirements of Section 8.06 hereof.

## 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 and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any New Mortgage that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer as follows:

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

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability

under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

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

### SECTION 17. NOTICE

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

If to the City:	City of Chicago Department of Housing and Economic 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:	Steven A. Kersten, Manager 701 West Erie Street Chicago, Illinois 60610
With Copies To:	Daley & George, Ltd. Two First National Plaza 20 South Clark Street, Suite 400 Chicago, Illinois 60603-1835

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.



## SECTION 18. MISCELLANEOUS

**18.01 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 (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 affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer 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 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 or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

**18.04 Further Assurances.** The Developer and the City 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 with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

**18.06 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 ordinances 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, DHED or the Commissioner, or any matter is to be to the City's, DHED'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, DHED or the Commissioner in writing and in the reasonable discretion thereof in a timely manner. The Commissioner or other person designated by the Mayor of the City shall act for the City or DHED 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 may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, which consent shall not be unreasonably denied. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to **Sections 8.19** (Real Estate Provisions) and **8.24** (Survival of Covenants) hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

**18.16 Binding Effect.** This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

**18.17 Force Majeure.** Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

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

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

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

**18.22 Business Relationships.** The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030 (b) by an

elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

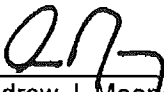
IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

**1140 NORTH BRANCH DEVELOPMENT, LLC**

By:   
Steven A. Kersten

Its: Manager

**CITY OF CHICAGO**

By:   
Andrew J. Moorley

Its: Acting Commissioner, Department  
of Housing and Economic Development

STATE OF ILLINOIS )  
                                  ) SS  
COUNTY OF COOK )

I, Chris A. Leach, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Steven A. Kersten, personally known to me to be the Manager of 1140 North Branch Development, LLC, an Illinois limited liability company (the "Developer"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him as Manager of the Developer, as his free and voluntary act and as the free and voluntary act of the Developer, for the uses and purposes therein set forth.

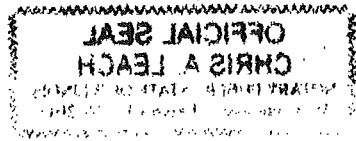
GIVEN under my hand and official seal this 22 day of January, 2011.

Chris A. Leach  
Notary Public

My Commission Expires \_\_\_\_\_

(SEAL)





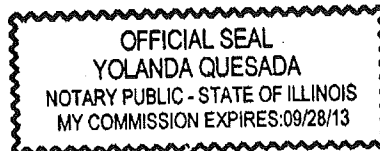
STATE OF ILLINOIS )  
                                  ) SS  
COUNTY OF COOK )

I, Yolanda Quesada, a notary public in and for the said County, in the State of Illinois, DO HEREBY CERTIFY that Andrew J. Mooney, personally known to me to be the Acting Commissioner of the Department of Housing and Economic Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the authority given to him by the City, as his free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 27<sup>th</sup> day of January, 2011.

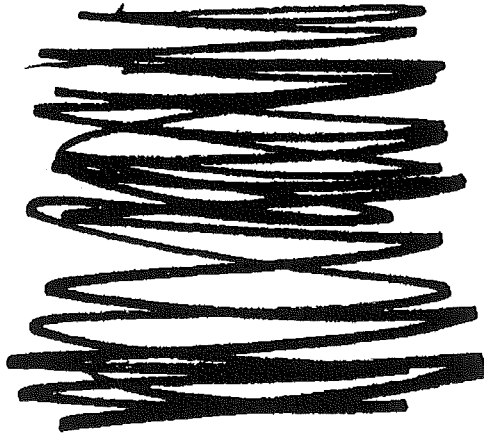
Yolanda Quesada  
Notary Public

My Commission Expires 9-28-2013



**EXHIBIT A**  
**REDEVELOPMENT AREA**

**[See attached]**





7/10/96

## REPORTS OF COMMITTEES

24725

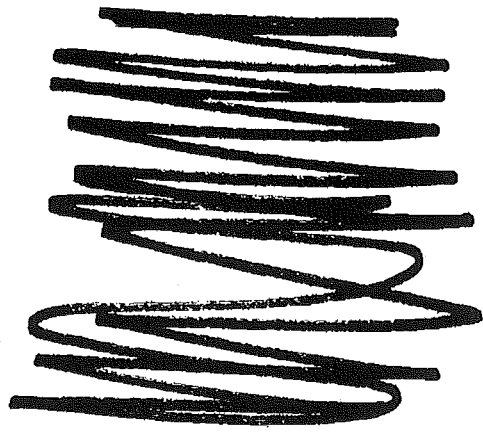
(Sub)Exhibit 2.  
(To Notice Of Correction Of The Redevelopment Plan)

*Legal Description Of The Area.*

That part of the east half of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian, in the City of Chicago, Cook County, Illinois, described as follows:

commencing at the east quarter corner of Section 5 aforesaid, being the centerline intersection of North Halsted Street and West Division Street; thence south along the centerline of North Halsted Street to the northerly seawall of the north branch of the Chicago River; thence northwesterly along said seawall to the west line of North Halsted Street from a point of beginning; thence continuing northwesterly along said seawall to the north line of West Division Street; thence east along said north line to the east line of North North Branch Street; thence northwesterly along said east line to the south line of West Eastman Street; thence northeasterly along said south line and its extension to the east line of North Cherry Avenue; thence north along said east line to the easterly projection of the south line of Lot 11 in Block 50 in Elston's Addition to Chicago in the west half of the northeast quarter of Section 5 aforesaid; thence west along said projected south line to the southwest corner of Lot 11 aforesaid; thence northerly along the west line of Block 50 to the northwest corner of Lot 4 therein; thence east along the north line of said Lot 4 to the southwest corner of Lot 4 therein; thence east along the north line of said Lot 4 to the southwest corner of Lot 3; thence north along the west line of Lots 3, 2 and 1 to the northwest corner of Lot 1; thence east along the north line of Lot 1, and along the southerly seawall of the North Branch Canal to the property line between C.M.C. Properties to the west and Waste Management Corporation to the east; thence southerly and southeasterly along said common property line to the north line of West Division Street; thence east along the north line to the westerly seawall of the North Branch Canal; thence southeasterly along said seawall to the south line of West Division Street; thence west along said south line to the easterly line of North Hickory Avenue; thence southeasterly along said easterly line to the said westerly projection of the northerly line of West Haines Street; thence northeasterly along said north line to the westerly line of North Hooker Street; thence southeasterly along said westerly line to the southerly line of West Haines Street; thence northeasterly along said southerly line to the west line of North Halsted Street; and thence south along said west line to the point of beginning.

**EXHIBIT B**  
**PROPERTY**  
**[See attached]**



Legal Description

PARCEL 1

LOTS 12, 13 AND THAT PART OF LOTS 14 AND 15, WHICH LIES NORTHEASTERLY OF A LINE DRAWN FROM A POINT IN SOUTHEASTERLY LINE OF SAID LOT 15 WHICH IS 352.50 FEET SOUTHWESTERLY OF THE SOUTHEASTERLY CORNER THEREOF, TO A POINT IN NORTHWESTERLY LINE OF SAID LOT 14 WHICH IS 383.94 FEET SOUTHWESTERLY OF THE NORTHEASTERLY CORNER THEREOF AND THAT PART OF LOT 16 DESCRIBED AS FOLLOWS:

BEGINNING AT MOST NORTHERLY CORNER OF SAID LOT 16, THENCE SOUTHEASTWARDLY ALONG THE NORTHEASTERLY LINE THEREOF, A DISTANCE OF 39.09 FEET, THENCE SOUTHWESTWARDLY A DISTANCE OF 353.17 FEET TO A POINT IN THE NORTHWESTERLY LINE OF SAID LOT 16 WHICH IS 352.50 FEET SOUTHWESTERLY OF THE PLACE OF BEGINNING, THENCE NORTHEASTERLY ALONG NORTHWESTERLY LINE OF SAID LOT 15 A DISTANCE OF 352.50 FEET TO PLACE OF BEGINNING, ALL IN BLOCK 78 IN ELSTON ADDITION TO CHICAGO IN SOUTH EAST 1/4 OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS; AND ALSO THAT PART OF LOTS FOURTEEN (14), FIFTEEN (13), SIXTEEN (16) AND SEVENTEEN (17) IN BLOCK SEVENTY-EIGHT (78) IN ELSTON ADDITION TO CHICAGO IN THE SOUTH EAST 1/4 OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE NORTHEASTERLY LINE OF SAID LOT SEVENTEEN (17) WITH A LINE DRAWN 202.20 FEET (AS MEASURED PERPENDICULARLY) SOUTHEASTERLY OF AND PARALLEL WITH THE NORTHWESTERLY LINE OF LOT TWELVE (12) IN SAID BLOCK SEVENTY-EIGHT (78); THENCE SOUTHWESTERLY ALONG SAID PARALLEL LINE 388.142 FEET TO A POINT ON A LINE DRAWN PERPENDICULARLY TO THE NORTHWESTERLY LINE OF SAID LOT TWELVE (12) THROUGH A POINT ON SAID NORTHWESTERLY LINE 376.00 FEET SOUTHWESTERLY OF THE MOST NORTHERLY CORNER THEREOF; THENCE NORTHWESTERLY ALONG SAID PERPENDICULAR LINE 94.551 FEET TO A POINT OF INTERSECTION WITH A LINE DRAWN FROM A POINT ON THE NORTHWESTERLY LINE OF LOT SIXTEEN AFORESAID 352.50 FEET SOUTHWESTERLY OF THE MOST NORTHERLY CORNER THEREOF, TO A POINT ON THE NORTHWESTERLY LINE OF LOT FOURTEEN (14) AFORESAID 383.94 FEET SOUTHWESTERLY OF THE MOST NORTHERLY CORNER THEREOF; THENCE SOUTHEASTERLY ALONG LAST DESCRIBED LINE 93.973 FEET TO THE PREVIOUSLY DESCRIBED POINT ON THE NORTH LINE OF SAID LOT SIXTEEN (16) THENCE NORTHEASTERLY 353.102 FEET TO A POINT ON THE NORTHEASTERLY LINE OF LOT SIXTEEN (16) AFORESAID WHICH IS 39.09 FEET SOUTHEASTERLY OF THE MOST NORTHERLY CORNER THEREOF; THENCE SOUTHEASTERLY ALONG THE NORTHEASTERLY LINE OF SAID LOTS SIXTEEN (16), AND SEVENTEEN (17) A DISTANCE OF 3.474 FEET TO THE PLACE OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS; AND ALSO A PARCEL OF LAND BEING PART OF LOTS 14, 15 AND 16, SAID PARCEL BEING DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF A LINE DRAWN 202.20 FEET (AS MEASURED PERPENDICULARLY) SOUTHEASTERLY OF AND PARALLEL WITH THE NORTHWESTERLY LINE OF LOT 12, AND A LINE DRAWN PERPENDICULARLY TO THE NORTHWESTERLY LINE OF SAID LOT 12 THROUGH A POINT ON SAID NORTHWESTERLY LINE 376.00 FEET SOUTHWESTERLY OF THE MOST NORTHERLY CORNER OF SAID LOT 12; THENCE NORTHWESTERLY ALONG SAID PERPENDICULAR LINE 94.551 FEET TO A POINT ON A LINE DRAWN FROM A POINT ON THE NORTHWESTERLY LINE OF LOT 16 AFORESAID 352.50 FEET SOUTHWESTERLY OF THE MOST NORTHERLY CORNER THEREOF, TO A POINT ON THE

NORTHWESTERLY LINE OF LOT 14 AFORESAID 383.94 FEET SOUTHWESTERLY OF THE MOST NORTHERLY CORNER THEREOF; THENCE NORTHWESTERLY ALONG LAST DESCRIBED LINE 6.867 FEET TO THE AFORE-DESCRIBED POINT ON THE NORTHWESTERLY LINE OF SAID LOT 14; THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE AND THE SOUTHWESTERLY EXTENSION THEREOF 48.57 FEET TO THE EXISTING DOCK LINE ON THE NORTHEASTERLY SIDE OF THE NORTH BRANCH OF THE CHICAGO RIVER; THENCE SOUTHEASTERLY ALONG SAID DOCK LINE 47.19 FEET TO AN ANGLE POINT ON SAID DOCK LINE; THENCE CONTINUING ALONG SAID DOCK LINE 51.18 FEET TO A POINT ON THE PREVIOUSLY DESCRIBED PARALLEL LINE; THENCE NORTHEASTERLY 55.50 FEET ALONG SAID PARALLEL LINE TO THE PLACE OF BEGINNING, ALL IN BLOCK 78 IN ELSTON ADDITION TO CHICAGO IN THE SOUTH EAST 1/4 OF SECTION 5, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

THE SOUTHERLY 1/2 OF LOT 5 ALL OF LOTS 6, 7, 8, 9, 10, 11 AND THE NORTHERLY 1/2 OF LOT 12 IN BLOCK 77 IN ELSTON'S ADDITION TO CHICAGO IN SECTIONS 4 AND 5, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N.: 17-05-401-014-0000  
 17-05-401-013-0000  
 17-05-401-012-0000  
 17-05-401-011-0000  
 17-05-401-010-0000  
 17-05-401-051-0000  
 17-05-401-056-0000  
 17-05-400-014-0000  
 17-05-400-003-0000

Address: 1121, 1125, 1127, 1129, 1133, 1151 North Branch Street and 1054 and 1136  
 North Branch Street (commonly known as 1140 North Branch Street),  
 Chicago, Illinois 60622

**EXHIBIT C**  
**TIF-FUNDED IMPROVEMENTS**

<u>Line Item</u>	<u>Cost</u>
Rehabilitation Components	
Roof Skylights	\$ 868,800
Electrical	\$1,150,000
HVAC	\$1,530,000
Parking Lot	<u>\$ 717,833</u>
TOTAL	\$4,266,633

**Notwithstanding the total of TIF-Funded Improvements, the assistance to be provided by the City is limited to a maximum of \$750,000 (subject to further reduction pursuant to Section 4.03).**

**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: See attached.**

## EXHIBIT G PERMITTED LIENS

1. General real estate taxes not yet due and owing.
2. Illinois No Further Remediation Letter recorded September 22, 2009 as document number 0926529015, and the terms, provisions, limitations, restrictions and conditions contained therein.
3. Grant of Easement made by Chas. Levy Circulating Company, an Illinois corporation to Vulcan Materials Company, a New Jersey corporation, recorded October 21, 1968 as document number 20650761, a perpetual easement to moor barges and other ships in the North Branch of the Chicago River adjacent to, abutting and attached to the land together with the right of ingress and egress to such mooring facilities from the Vulcan property over a strip of the Levy property adjacent to the said Chicago River for a width not to exceed 10 feet to be used by persons on foot or by a vehicle with rubber tires appropriate for pulling barges. Also, Vulcan shall have the right from time to time to the construct, reconstruct, repair and maintain appropriate mooring facilities on the Levy property adjacent to the said North Branch of the Chicago River and shall at its own sole cost remove from the easement property all debris caused by Vulcan or its agents or employees and all covenants, conditions and restrictions contained therein.

Amendment dated August 27, 1992 and recorded September 9, 1992 as document number 92666581.

4. Easement in favor of the City of Chicago for the purpose of development and construction of the easement properties for the use by the public for passive recreational activities including, but not limited to hiking and picknicking and public access thereto, recorded September 9, 1992 as document number 92666580, affecting part of the land, and the terms and provisions contained therein.
5. Rights of the United States of America, State of Illinois, the municipality and the public, in and to that part of the land falling in the bed of the North Branch of the Chicago River and in and to so much of the land as may have been formed by means other than natural accretions; also, rights of the property owners in and to the free and unobstructed flow of the waters of said river.
6. Encroachment of concrete wall located mainly on the Land over the Southeasterly line of the Land onto property Southeasterly and adjoining by .07 feet as disclosed by survey made by Gremley and Biedermann, Order No. 2010-13688-001, certified November 3, 2010.
7. Covenants, restrictions, conditions and agreements contained in the Redevelopment Agreement between the City of Chicago, a municipal corporation, and 1140 North Branch Development, LLC, an Illinois limited liability company, dated January 27, 2011, and recorded January 27, 2011 as document number 1102718054.

**EXHIBIT H-1**  
**PROJECT BUDGET**

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$16,077,799	100%
<u>Uses</u>	<u>Amount</u>	
Acquisition (1140 N. North Branch)	\$5,175,000	
Rehabilitation/Construction	9,957,414	
Environmental	67,033	
Parking Lot Improvements (in rehab above)		
Architect/Engineering	797,848	
TIF Consultant and Legal Fees	<u>80,504</u>	
Total Uses	<u>\$16,077,799</u>	



**EXHIBIT H-2****MBE / WBE BUDGET**

	<b>Total Budget</b>	<b>MBE/WBE Budget</b>
0150 Temp Construction	52,976	52,976
0200 Layout	19,004	19,004
0201 Interior Modifications Allowance	0	0
0202 Demolition	325,483	325,483
0203 Temp. Dock Equipment	0	0
0225 Shoring & Underpinning	57,012	0
0230 Earthwork	552,134	552,134
0235 Earth Retention	0	0
0240 Fill Vaulted Walk	0	0
0245 Piles & Caissons	0	0
0250 Site Utilities	265,920	265,920
0255 Bury Elec. Transmission Lines	0	0
0273 Permeable Brick Pavers	101,475	0
0290 Landscaping/Irrigation	251,277	251,277
0330 Cast-in-place Concrete	463,129	463,129
0331 Concrete Topping w/ Hardener	315,372	0
0420 Masonry	223,160	223,160

	<b>Total Budget</b>	<b>MBE/WBE Budget</b>
0440 Stone	0	0
0510 Structural Steel & Misc. Metals	594,682	594,682
0515 Misc. Metals	0	0
0520 Monumental Stairs	0	0
0530 Canopies	0	0
0550 Misc. Metals	5,557	5,557
0567 Fence & Gates	153,126	153,126
0575 Canopies	104,320	0
0610 Rough Carpentry	106,822	106,822
0640 Architectural Woodworking	181,086	181,086
0650 Lobby Finishes	0	0
0710 Seal Exterior Masonry	1,980	1,980
0718 Traffic Coatings	0	0
0750 Membrane Roofing	521,292	521,292
0781 Spray on Fire Proofing	12,982	12,982
0790 Caulking	13,760	13,760
0820 Doors & Frames	40,000	40,000
0830 Overhead & Special Doors	38,473	38,473
0860 Skylights	205,100	0
0870 Hardware	33,135	33,135

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	<b>Total Budget</b>	<b>MBE/WBE Budget</b>
0880 Alum. Storefront	0	0
0890 Curtainwall	794,233	0
0895 Terracotta Rainscreen	0	0
0897 Decorative Wing Element	0	0
0925 Gypsum Drywall	351,804	351,804
0963 Stone Flooring	67,789	67,789
0930 Ceramic Tile	26,413	26,413
0965 Resilient Flooring	41,922	41,922
0968 Carpet	25,380	25,380
0980 Acoustical Ceiling	76,606	76,606
0991 Painting & Wallcoverings	164,925	164,925
1010 Visual Display Boards	618	0
1015 Toilet Partitions & Accessories	26,297	0
1020 Equipment Screens	35,988	0
1035 Flagpoles	0	0
1040 Signage	0	0
1050 Lockers	15,750	15,750
1052 Fire Protection Specialties	5,749	5,749
1060 Bike Rack	2,823	2,823
1113 Projection screen	699	699

	<b>Total Budget</b>	<b>MBE/WBE Budget</b>
1115 Parking Equipment	0	0
1116 Loading Dock Equipment	40,857	0
1248 Pedimat	2,861	0
1249 Window Treatment	29,080	0
1420 Elevators	69,491	0
1530 Fire Protection	227,113	0
1540 Plumbing	364,632	364,632
1570 HVAC	1,052,966	1,052,966
1600 Electrical Work	847,254	847,254
1638 Wind power generation	0	0
8000 OSHA Safety	53,200	0
8110 Permits & Fees	40,786	0
8120 Final Cleaning	6,550	6,550
9000 General Conditions	731,157	0
9200 Construction Reimbursables	85,230	0
9900 General Liability	81,217	0
9920 Contingency	0	0
9940 Pepper Fee	1,900	0
<b>Totals:</b>	<b>\$9,910,547</b>	<b>\$6,907,240</b>

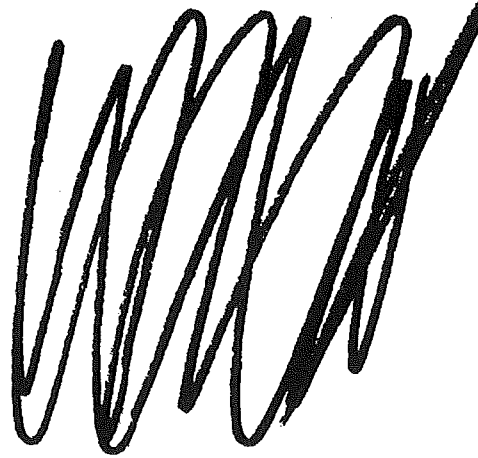
<b>Total Budget</b>	<b>MBE/WBE Budget</b>
MBE/WBE Budget =	\$6,907,240
24% MBE Target =	\$1,657,738
4% WBE Target =	\$276,290



**EXHIBIT K**

**PRELIMINARY TIF PROJECTION -- REAL ESTATE TAXES**

**[See attached]**

A large, dark, scribbled-out signature or mark, possibly a signature, consisting of several overlapping, thick, black lines that form a dense, irregular shape.

City of Chicago  
 Watersaver Redevelopment - Goose Island TIF  
 Preliminary Tax Pro Forma  
 Class 6 Assumed

Levy Year: 2008 2009 2010 2011 2012 2013 2014 2015 2016

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sg. Ft./Unit	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	
A	Industrial existing building (1)	2	71,588	18.68	1,315,182	1,341,488	1,341,488	1,341,488	1,395,882	1,395,882	1,395,882	1,481,109	1,481,109	
B	Industrial rehabilitation	1	71,588	51.13	799,844	1,831,881	1,831,881	1,831,881	1,897,601	1,897,601	1,897,601	1,801,508	1,801,508	
C	Industrial parking lot (1)	2	40,250	8.66	342,696	349,754	349,754	349,754	363,884	363,884	363,884	386,157	386,157	
<b>Total EAV All Components</b>					<b>2,457,922</b>	<b>3,322,921</b>	<b>3,322,921</b>	<b>3,322,921</b>	<b>3,457,167</b>	<b>3,457,167</b>	<b>3,457,167</b>	<b>3,668,773</b>	<b>3,668,773</b>	
<b>I. Incremental Property Taxes:</b>														
a) Base EAV					906,938	906,938	906,938	906,938	906,938	906,938	906,938	906,938	906,938	906,938
b) Incremental EAV					1,550,984	2,415,983	2,415,983	2,415,983	2,550,229	2,550,229	2,550,229	2,761,835	2,761,835	
c) Tax Rate = 9.981%					2005	5.981%	5.981%	5.981%	5.981%	5.981%	5.981%	5.981%	5.981%	5.981%
d) Total Est. Incremental Property Taxes					92,764	92,764	144,500	144,500	144,500	152,529	152,529	152,529	165,185	
e) Cumulative Incremental Property Taxes					92,764	185,529	330,029	474,529	619,029	771,558	924,087	1,076,616	1,241,801	
<b>II. Total Incremental Taxes For Redevelopment Costs</b>														
a) Incremental Property Taxes @ 95%					88,126	88,126	137,275	137,275	137,275	144,903	144,903	144,903	156,826	
b) Cumulative Property Taxes					88,126	176,252	313,527	450,802	588,077	732,980	877,883	1,022,785	1,178,711	
<b>III. Net Present Value of Increment @ 95%</b>														
a) NPV of Cumulative Incremental Property Taxes @ 8.00%					81,598	157,152	266,125	367,027	460,454	551,767	636,316	714,603	783,186	
b) NPV of Cumulative Incremental Property Taxes @ 8.25%					81,410	156,615	264,039	364,807	457,161	547,216	630,408	707,260	784,146	
c) NPV of Cumulative Incremental Property Taxes @ 8.50%					81,222	156,001	263,555	362,609	453,903	542,721	624,500	700,026	775,332	
<b>Total Annual Taxes (TIF and Base Taxes)</b>					<b>147,000</b>	<b>177,008</b>	<b>198,774</b>	<b>188,741</b>	<b>198,754</b>	<b>120,773</b>	<b>206,773</b>	<b>206,773</b>	<b>231,428</b>	

City of Chicago  
 Watersaver Redevelopment - Goose Island TIF  
 Preliminary Tax Pro Forma  
 Class 6 Assumed

Levy Year: 2017 2018 2019  
 TIF ends 2019

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	Yr. 10	Yr. 11	Yr. 12
A	Industrial existing building (1)	2	71,568	10.68	1,481,109	1,571,764	1,571,764
B	Industrial rehabilitation	1	71,588	51.13	1,801,508	2,748,178	3,584,576
C	Industrial parking lot (1)	2	40,250	8.68	386,157	261,812	341,484
<b>Total EAV All Components</b>					<b>3,668,773</b>	<b>4,581,752</b>	<b>5,497,838</b>
<b>I. Incremental Property Taxes:</b>							
a) Base EAV					908,938	908,938	908,938
b) Incremental EAV					2,761,835	3,674,814	4,580,898
c) Tax Rate = 5.981%					5.981%	5.981%	5.981%
d) Total Est. Incremental Property Taxes					185,185	185,185	219,781
e) Cumulative Incremental Property Taxes					1,406,987	1,572,172	1,791,883
<b>II. Total Incremental Taxes For Redevelopment Costs</b>							
a) Incremental Property Taxes @ 95%					158,928	158,928	208,801
b) Cumulative Property Taxes					1,336,637	1,493,564	1,702,355
<b>III. Net Present Value of Increment @ 95%</b>							
a) NPV of Cumulative Incremental Property Taxes @ 8.00%					865,792	933,095	1,016,013
b) NPV of Cumulative Incremental Property Taxes @ 8.25%					855,171	920,704	1,001,432
c) NPV of Cumulative Incremental Property Taxes @ 8.50%					844,738	908,707	987,154
<b>Total Annual Taxes at 95% Base Rates</b>					<b>2,942,9</b>	<b>2,942,9</b>	<b>2,942,9</b>



FOR DISCUSSION PURPOSES ONLY

City of Chicago  
 Watersaver Redevelopment - Goose Island TIF  
 Preliminary User Assumptions  
 Class 6 Assumed  
 TIF designated July, 1996

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Avg. Market Value Sq. Ft./Unit	Sq. Ft. Generating Sales Tax	Avg. Sales Sq. Ft./Unit	% Sales Taxable (Local Sales Tax)
A	Industrial existing building (1)	2	71,568	18.68	0	0	0%
B	Industrial rehabilitation	1	71,568	51.13	0	0	0%
C	Industrial parking lot (1)	2	40,250	8.66	0	0	0%

(1) use 2006 Assessed Valuations

Class Codes:

Exempt	0
Industrial (6B or 8 Eligible)	1
Industrial	2
Commercial	3
Residential	4
Parking	5

Note: Class 6b incentive is not applied to existing valuations - only to new construction or significant rehabilitation cost estimates

Worksheet	S.F.	Cost	Estimate of Allocation	Adjusted Market Value
Existing				
Roof/Skylights	71,568	868,800	50%	434,400
Electrical	71,568	1,150,000	50%	575,000
HVAC	71,568	1,530,000	50%	765,000
Sprinkler system new	71,568	213,500	70%	149,450
All other costs	71,568	3,112,598	50%	1,556,299
Parking lot		717,833	25%	179,458
Total		7,592,731		3,659,607
Average S.F.	71,568			\$ 51.13

Note: the estimate of allocation applies KMA adjustments to cost items in order to approximate assessor valuations, 0% assume "component in place" and minimal increase to market value. The 70% or 50% allocations estimate use of cost manuals - excluding soft costs, etc.

City of Chicago  
 Watersaver Redevelopment - Goose Island TIF  
 General Assumptions

Sales Tax Inflation Rate	3.0%
Property Tax Inflation Rate	2.0%
% Inc. Prop. Tax for Project Tax Rate	100.0%
	5.981%
Equalizer	2.7320
Class 6B Assmnt. Rate	16.00%
Industrial Assmnt. Rate	36.00%
Commercial Assmnt. Rate	36.00%
Residential Assmnt. Rate	16.00%
Vac. Land Assmnt. Rate	20.00%
First Levy Year	2008
First Tax Collection Yr.	2009
Annual Absorption of Units	50.0%
Local Sales Tax Rate	1.0%
Home Rule Sales Tax Rate	2.00%
Base Sales Taxes	0
Homeowners Exemption	5,000
Initial Absorption Rates:	
A	100.0%
0	50.0%
B	50.0%
C	100.0%
0	50.0%
Lot 3 BTS	50.0%
Lot 1 BTS	100.0%
Lot 2 BTS	100.0%
Lot 7 BTS	100.0%
Lot 5 BTS	100.0%
Lot 6 BTS	100.0%
Lot 8A BTS	100.0%
Lot 8B BTS	100.0%
N/A	0.0%
N/A	0.0%
Land	0.0%

Year	Reassess. Factor	Sales Inflation Factor
2008	100.00%	100.00%
2009	102.00%	103.00%
2010	102.00%	106.09%
2011	102.00%	109.27%
2012	106.12%	112.55%
2013	106.12%	115.93%
2014	106.12%	119.41%
2015	112.62%	122.99%
2016	112.62%	126.68%
2017	112.62%	130.46%
2018	119.51%	134.39%
2019	119.51%	138.42%
2020	119.51%	142.58%
2021	126.82%	146.85%
2022	126.82%	151.26%
2023	126.82%	155.80%
2024	134.59%	160.47%
2025	134.59%	165.26%
2026	134.59%	170.24%
2027	142.82%	175.35%
2028	142.82%	180.61%
2029	142.82%	186.03%
2030	151.57%	191.61%
2031	151.57%	197.36%
2032	151.57%	203.28%
2033	160.84%	209.36%
2034	160.84%	215.66%
2035	160.84%	222.13%
2036	170.69%	228.79%
2037	170.69%	235.66%
2038	170.69%	242.73%

FOR DISCUSSION PURPOSES ONLY

City of Chicago  
Watersaver Redevelopment - Goose Island TIF  
Absorption Assumptions  
Class 6 Assumed

Absorp. Year	Annual Units/Sq. Ft. Occupied				
	A	D	B	C	O
2008	71,568		71,568	40,250	
2009					
2010					
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
Totals	71,568	0	71,568	40,250	0

11/02/18/054 Page: 01 of 03

City of Chicago  
 Watersaver Redevelopment - Goose Island TIF  
 Estimate of Equalized Assessed Valuation  
 Class 6 Assigned

Estimated Equalized Assessed Valuation for Tax Assessment Year:		2008														
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A	Industrial existing building (1)	2	71,500	10.68	100.00%	100.00%	100.00%	1,337,210	38.00%	481,399	2.73200	1,315,102	0	1,315,102	5.901%	78,001
0		0	0	0.00	0.00%	0.00%	100.00%	0	0.00%	0	2.73200	0	0	0	5.901%	0
B	Industrial rehabilitation	1	71,568	51.13	50.00%	100.00%	100.00%	1,829,004	16.00%	292,709	2.73200	799,044	0	799,044	5.901%	47,039
C	Industrial parking lot (1)	2	40,250	8.68	100.00%	100.00%	100.00%	348,042	36.00%	125,511	2.73200	342,098	0	342,098	5.901%	20,909
0		0	0	0.00	0.00%	0.00%	100.00%	0	0.00%	0	2.73200	0	0	0	5.901%	0
<b>Totals</b>								<b>3,515,065</b>						<b>2,457,922</b>		<b>147,008</b>

Estimated Equalized Assessed Valuation for Tax Assessment Year:		2009														
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A	Industrial existing building (1)	2	71,500	18.00	100.00%	100.00%	102.00%	1,303,004	38.00%	491,027	2.73200	1,341,400	0	1,341,400	5.901%	80,234
0		0	0	0.00	0.00%	0.00%	102.00%	0	0.00%	0	2.73200	0	0	0	5.901%	0
B	Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	102.00%	3,732,790	16.00%	597,248	2.73200	1,031,081	0	1,031,081	5.901%	67,591
C	Industrial parking lot (1)	2	40,250	8.68	100.00%	100.00%	102.00%	355,815	36.00%	128,021	2.73200	349,754	0	349,754	5.901%	20,919
0		0	0	0.00	0.00%	0.00%	102.00%	0	0.00%	0	2.73200	0	0	0	5.901%	0
<b>Totals</b>								<b>5,452,378</b>						<b>3,322,921</b>		<b>189,744</b>

Estimated Equalized Assessed Valuation for Tax Assessment Year:		2010														
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A	Industrial existing building (1)	2	71,500	10.68	100.00%	100.00%	102.00%	1,383,004	36.00%	491,027	2.73200	1,341,400	0	1,341,400	5.901%	80,234
0		0	0	0.00	0.00%	0.00%	102.00%	0	0.00%	0	2.73200	0	0	0	5.901%	0
B	Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	102.00%	3,732,790	16.00%	597,248	2.73200	1,031,081	0	1,031,081	5.901%	67,591
C	Industrial parking lot (1)	2	40,250	8.68	100.00%	100.00%	102.00%	355,815	36.00%	128,021	2.73200	349,754	0	349,754	5.901%	20,919
0		0	0	0.00	0.00%	0.00%	102.00%	0	0.00%	0	2.73200	0	0	0	5.901%	0
<b>Totals</b>								<b>5,462,378</b>						<b>3,322,921</b>		<b>189,744</b>

City of Chicago  
 Watersaver Redevelopment - Goose Island TIF  
 Estimate of Equalized Assessed Valuation  
 Class 0 Assumed

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Estimated Equalized Assessed Valuation for Tax Assessment Year:			2011														
A		Industrial existing building (1)	2	71,568	10.08	100.00%	100.00%	102.00%	1,363,064	30.00%	491,027	2.73200	1,341,480	0	1,341,480	5.981%	80,234
0			0	0	0.00	0.00%	0.00%	102.00%	0	0.00%	0	2.73200	0	0	0	5.981%	0
B		Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	102.00%	3,732,789	16.00%	597,248	2.73200	1,831,681	0	1,831,681	5.981%	97,591
C		Industrial parking lot (1)	2	40,250	8.56	100.00%	100.00%	102.00%	355,615	30.00%	120,021	2.73200	348,754	0	348,754	5.981%	20,819
0			0	0	0.00	0.00%	0.00%	102.00%	0	0.00%	0	2.73200	0	0	0	5.981%	0
Totals									5,452,378						3,322,921		198,744

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Estimated Equalized Assessed Valuation for Tax Assessment Year:			2012														
A		Industrial existing building (1)	2	71,568	10.08	100.00%	100.00%	108.12%	1,410,060	30.00%	510,004	2.73200	1,395,602	0	1,395,602	5.981%	83,478
0			0	0	0.00	0.00%	0.00%	108.12%	0	0.00%	0	2.73200	0	0	0	5.981%	0
B		Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	108.12%	3,883,804	16.00%	621,377	2.73200	1,897,801	0	1,897,801	5.981%	101,534
C		Industrial parking lot (1)	2	40,250	8.56	100.00%	100.00%	108.12%	388,981	30.00%	133,193	2.73200	303,884	0	303,884	5.981%	21,704
0			0	0	0.00	0.00%	0.00%	108.12%	0	0.00%	0	2.73200	0	0	0	5.981%	0
Totals									5,672,654						3,457,187		206,773

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Estimated Equalized Assessed Valuation for Tax Assessment Year:			2013														
A		Industrial existing building (1)	2	71,568	10.08	100.00%	100.00%	108.12%	1,419,060	30.00%	510,864	2.73200	1,395,682	0	1,395,682	5.981%	83,478
0			0	0	0.00	0.00%	0.00%	108.12%	0	0.00%	0	2.73200	0	0	0	5.981%	0
B		Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	108.12%	3,883,604	16.00%	621,377	2.73200	1,897,801	0	1,897,801	5.981%	101,534
C		Industrial parking lot (1)	2	40,250	8.56	100.00%	100.00%	108.12%	388,981	30.00%	133,193	2.73200	303,884	0	303,884	5.981%	21,784
0			0	0	0.00	0.00%	0.00%	108.12%	0	0.00%	0	2.73200	0	0	0	5.981%	0
Totals									5,672,654						3,497,187		206,773

City of Chicago  
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Estimated Equalized Assessed Valuation for Tax Assessment Year:		2014														
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A	Industrial existing building (1)	2	71,568	18.08	100.00%	100.00%	108.12%	1,410,060	38.00%	510,004	2.73200	1,395,682	0	1,395,682	5.981%	83,476
0		0	0	0.00	0.00%	0.00%	108.12%	0	0.00%	0	2.73200	0	0	0	5.981%	0
B	Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	108.12%	3,083,004	18.00%	621,377	2.73200	1,697,601	0	1,697,601	5.981%	101,534
C	Industrial parking lot (1)	2	40,250	8.08	100.00%	100.00%	108.12%	369,981	38.00%	133,103	2.73200	363,884	0	363,884	5.981%	21,764
0		0	0	0.00	0.00%	0.00%	108.12%	0	0.00%	0	2.73200	0	0	0	5.981%	0
Totals								5,872,054						3,457,107		200,773

Estimated Equalized Assessed Valuation for Tax Assessment Year:		2015														
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A	Industrial existing building (1)	2	71,568	18.08	100.00%	100.00%	112.82%	1,505,026	38.00%	542,133	2.73200	1,481,169	0	1,481,169	5.981%	88,508
0		0	0	0.00	0.00%	0.00%	112.82%	0	0.00%	0	2.73200	0	0	0	5.981%	0
B	Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	112.82%	4,121,312	18.00%	868,410	2.73200	1,801,508	0	1,801,508	5.981%	107,740
C	Industrial parking lot (1)	2	40,250	8.08	100.00%	100.00%	112.82%	392,827	38.00%	141,348	2.73200	388,157	0	388,157	5.981%	23,098
0		0	0	0.00	0.00%	0.00%	112.82%	0	0.00%	0	2.73200	0	0	0	5.981%	0
Totals								6,019,866						3,668,773		219,429

Estimated Equalized Assessed Valuation for Tax Assessment Year:		2016														
Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A	Industrial existing building (1)	2	71,568	18.08	100.00%	100.00%	112.82%	1,505,026	38.00%	542,133	2.73200	1,481,169	0	1,481,169	5.981%	88,508
0		0	0	0.00	0.00%	0.00%	112.82%	0	0.00%	0	2.73200	0	0	0	5.981%	0
B	Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	112.82%	4,121,312	18.00%	858,410	2.73200	1,801,508	0	1,801,508	5.981%	107,740
C	Industrial parking lot (1)	2	40,250	8.08	100.00%	100.00%	112.82%	392,827	38.00%	141,348	2.73200	388,157	0	388,157	5.981%	23,098
0		0	0	0.00	0.00%	0.00%	112.82%	0	0.00%	0	2.73200	0	0	0	5.981%	0
Totals								6,018,866						3,668,773		219,429

City of Chicago  
 Watersaver Redevelopment - Goose Island TIF  
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Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A		Industrial existing building (1)	2	71,568	18.88	100.00%	100.00%	112.02%	1,505,028	38.00%	542,133	2.73200	1,481,100	0	1,481,100	5.901%	86,505
0			0	0	0.00	0.00%	0.00%	112.02%	0	0.00%	0	2.73200	0	0	0	5.901%	0
B		Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	112.02%	4,121,312	18.00%	659,410	2.73200	1,801,508	0	1,801,508	5.901%	107,740
C		Industrial parking lot (1)	2	40,250	8.68	100.00%	100.00%	112.02%	392,627	36.00%	141,346	2.73200	386,157	0	386,157	5.901%	23,090
0			0	0	0.00	0.00%	0.00%	112.02%	0	0.00%	0	2.73200	0	0	0	5.901%	0
<b>Totals</b>									<b>6,019,066</b>						<b>3,668,773</b>		<b>219,429</b>

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A		Industrial existing building (1)	2	71,568	18.88	100.00%	100.00%	119.51%	1,598,101	38.00%	575,316	2.73200	1,571,764	0	1,571,764	5.901%	94,007
0			0	0	0.00	0.00%	0.00%	119.51%	0	23.00%	0	2.73200	0	0	0	5.901%	0
B		Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	119.51%	4,373,568	23.00%	1,005,021	2.73200	2,748,178	0	2,748,178	5.901%	164,308
C		Industrial parking lot (1)	2	40,250	8.88	100.00%	100.00%	119.51%	418,059	23.00%	95,832	2.73200	201,812	0	201,812	5.901%	18,059
0			0	0	0.00	0.00%	0.00%	119.51%	0	23.00%	0	2.73200	0	0	0	5.901%	0
<b>Totals</b>									<b>6,388,330</b>						<b>4,561,752</b>		<b>274,035</b>

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A		Industrial existing building (1)	2	71,568	18.88	100.00%	100.00%	119.51%	1,598,101	38.00%	575,316	2.73200	1,571,764	0	1,571,764	5.901%	94,007
0			0	0	0.00	0.00%	0.00%	119.51%	0	30.00%	0	2.73200	0	0	0	5.901%	0
B		Industrial rehabilitation	1	71,568	51.13	100.00%	100.00%	119.51%	4,373,568	30.00%	1,312,071	2.73200	3,584,578	0	3,584,578	5.901%	214,394
C		Industrial parking lot (1)	2	40,250	8.68	100.00%	100.00%	119.51%	418,059	30.00%	124,998	2.73200	341,494	0	341,494	5.901%	20,425
0			0	0	0.00	0.00%	0.00%	119.51%	0	30.00%	0	2.73200	0	0	0	5.901%	0
<b>Totals</b>									<b>6,388,330</b>						<b>6,497,030</b>		<b>328,029</b>

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Class 6 Assumed

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A		Industrial existing building (1)	2	71,508	18.88	100.00%	100.00%	119.51%	1,598,101	36.00%	575,318	2.73200	1,571,784	0	1,571,784	5.981%	94,007
0			0	0	0.00	0.00%	0.00%	119.51%	0	36.00%	0	2.73200	0	0	0	5.981%	0
B		Industrial rehabilitation	2	71,568	51.13	100.00%	100.00%	119.51%	4,373,508	36.00%	1,574,405	2.73200	4,301,403	0	4,301,403	5.981%	257,272
C		Industrial parking lot (1)	2	40,250	8.68	100.00%	100.00%	119.51%	416,659	36.00%	149,997	2.73200	409,793	0	409,793	5.981%	24,510
0			0	0	0.00	0.00%	0.00%	119.51%	0	36.00%	0	2.73200	0	0	0	5.981%	0
Totals									6,380,330						6,283,980		375,789

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A		Industrial existing building (1)	2	71,508	18.88	100.00%	100.00%	126.82%	1,695,918	36.00%	610,530	2.73200	1,667,989	0	1,667,989	5.981%	99,781
0			0	0	0.00	0.00%	0.00%	126.82%	0	36.00%	0	2.73200	0	0	0	5.981%	0
B		Industrial rehabilitation	2	71,568	51.13	100.00%	100.00%	126.82%	4,641,267	36.00%	1,670,856	2.73200	4,584,779	0	4,584,779	5.981%	273,019
C		Industrial parking lot (1)	2	40,250	8.68	100.00%	100.00%	126.82%	442,182	36.00%	159,178	2.73200	434,875	0	434,875	5.981%	26,010
0			0	0	0.00	0.00%	0.00%	126.82%	0	36.00%	0	2.73200	0	0	0	5.981%	0
Totals									6,779,346						6,667,623		398,781

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A		Industrial existing building (1)	2	71,568	18.88	100.00%	100.00%	126.82%	1,695,918	36.00%	610,530	2.73200	1,667,989	0	1,667,989	5.981%	99,781
0			0	0	0.00	0.00%	0.00%	126.82%	0	36.00%	0	2.73200	0	0	0	5.981%	0
B		Industrial rehabilitation	2	71,508	51.13	100.00%	100.00%	126.82%	4,641,267	36.00%	1,670,856	2.73200	4,584,779	0	4,584,779	5.981%	273,019
C		Industrial parking lot (1)	2	40,250	8.68	100.00%	100.00%	126.82%	442,182	36.00%	159,178	2.73200	434,875	0	434,875	5.981%	26,010
0			0	0	0.00	0.00%	0.00%	126.82%	0	36.00%	0	2.73200	0	0	0	5.981%	0
Totals									6,779,346						6,667,623		398,781



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Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Estimated Equalized Assessed Valuation for Tax Assessment Year: 2023																	
A	0	Industrial existing building (1)	2	71,568	18.68	100.00%	100.00%	126.82%	1,895,918	36.00%	610,530	2.73200	1,067,069	0	1,067,069	5.981%	99,701
0	0		2	0	0.00	0.00%	0.00%	126.82%	0	36.00%	0	2.73200	0	0	0	5.981%	0
B	0	Industrial rehabilitation	2	71,568	51.13	100.00%	100.00%	126.82%	4,041,267	36.00%	1,070,856	2.73200	1,564,779	0	1,564,779	5.981%	273,019
C	0	Industrial parking lot (1)	2	40,250	8.88	100.00%	100.00%	126.82%	442,182	36.00%	159,178	2.73200	434,075	0	434,075	5.981%	26,010
0	0		2	0	0.00	0.00%	0.00%	126.82%	0	36.00%	0	2.73200	0	0	0	5.981%	0
Totals									6,779,345					6,607,623		308,701	

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Estimated Equalized Assessed Valuation for Tax Assessment Year: 2024																	
A	0	Industrial existing building (1)	2	71,568	18.68	100.00%	100.00%	134.59%	1,789,721	36.00%	647,000	2.73200	1,770,062	0	1,770,062	5.981%	106,867
0	0		2	0	0.00	0.00%	0.00%	134.59%	0	36.00%	0	2.73200	0	0	0	5.981%	0
B	0	Industrial rehabilitation	2	71,568	51.13	100.00%	100.00%	134.59%	4,925,350	36.00%	1,773,120	2.73200	4,044,180	0	4,044,180	5.981%	289,730
C	0	Industrial parking lot (1)	2	40,250	8.88	100.00%	100.00%	134.59%	469,226	36.00%	168,021	2.73200	461,493	0	461,493	5.981%	27,002
0	0		2	0	0.00	0.00%	0.00%	134.59%	0	36.00%	0	2.73200	0	0	0	5.981%	0
Totals									7,194,297					7,075,735		423,200	

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmnt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
Estimated Equalized Assessed Valuation for Tax Assessment Year: 2025																	
A	0	Industrial existing building (1)	2	71,568	18.68	100.00%	100.00%	134.59%	1,789,721	36.00%	647,000	2.73200	1,770,062	0	1,770,062	5.981%	106,867
0	0		2	0	0.00	0.00%	0.00%	134.59%	0	36.00%	0	2.73200	0	0	0	5.981%	0
B	0	Industrial rehabilitation	2	71,568	51.13	100.00%	100.00%	134.59%	4,925,350	36.00%	1,773,120	2.73200	4,044,180	0	4,044,180	5.981%	289,730
C	0	Industrial parking lot (1)	2	40,250	8.88	100.00%	100.00%	134.59%	469,226	36.00%	168,021	2.73200	461,493	0	461,493	5.981%	27,002
0	0		2	0	0.00	0.00%	0.00%	134.59%	0	36.00%	0	2.73200	0	0	0	5.981%	0
Totals									7,194,297					7,075,735		423,200	

FOR DISCUSSION PURPOSES ONLY

City of Chic.  
 Watersaver Redevelopment - Goose Island TIF  
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Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A		Industrial existing building (1)	2	71,568	18.68	100.00%	100.00%	134.59%	1,799,721	36.00%	647,900	2.73200	1,770,002	0	1,770,002	5.981%	105,887
0			0	0	0.00	0.00%	0.00%	134.59%	0	36.00%	0	2.73200	0	0	0	5.981%	0
B		Industrial rehabilitation	2	71,568	51.13	100.00%	100.00%	134.59%	4,925,350	36.00%	1,773,126	2.73200	4,844,100	0	4,844,100	5.981%	289,730
C		Industrial parking lot (1)	2	40,250	8.66	100.00%	100.00%	134.59%	489,226	36.00%	180,921	2.73200	481,493	0	481,493	5.981%	27,892
0			0	0	0.00	0.00%	0.00%	134.59%	0	36.00%	0	2.73200	0	0	0	5.981%	0
<b>Totals</b>									7,194,297					7,075,735		423,200	

Component Name		Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	% Occupied for Year	% Occupancy	Reassmt. Factor	Property Value	Assessment Level	Assessed Value	Equalization Factor	Adj. Equalized Assessed Value	Homeowners Exemption	Equalized Assessed Value	Tax Rate	Real Estate Taxes
A		Industrial existing building (1)	2	71,568	18.68	100.00%	100.00%	142.82%	1,909,079	36.00%	687,556	2.73200	1,878,404	0	1,878,404	5.981%	112,347
0			0	0	0.00	0.00%	0.00%	142.82%	0	36.00%	0	2.73200	0	0	0	5.981%	0
B		Industrial rehabilitation	2	71,568	51.13	100.00%	100.00%	142.82%	5,226,820	36.00%	1,881,655	2.73200	5,140,882	0	5,140,882	5.981%	307,484
C		Industrial parking lot (1)	2	40,250	8.66	100.00%	100.00%	142.82%	497,946	36.00%	179,281	2.73200	489,740	0	489,740	5.981%	29,291
0			0	0	0.00	0.00%	0.00%	142.82%	0	36.00%	0	2.73200	0	0	0	5.981%	0
<b>Totals</b>									7,634,645					7,508,826		449,103	

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Base EAV Information

City of Chicago  
 Watersaver Redevelopment - Goose Island TIF  
 Preliminary User Assumptions

	PIN	Tax Code	Base EAV
<b>Base EAV Analysis</b>			
	1140 N. North Branch		
1	17-05-400-003	74007	357,775
2	17-05-400-014	74007	391,090
3	17-05-401-010	74007	11,366
4	17-05-401-011	74007	11,366
5	17-05-401-012	74007	11,366
6	17-05-401-013	74007	11,366
7	17-05-401-014	74007	11,366
8	17-05-401-051	74007	12,941
9	17-05-401-056	74007	88,302

TOTAL BASE EAV

906,938

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND  
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2011

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT

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# BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

O'HARE PLAZA

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CHICAGO, ILLINOIS 60631

AREA CODE 312 263.2700

## INDEPENDENT AUDITOR'S REPORT

The Honorable Rahm Emanuel, Mayor  
Members of the City Council  
City of Chicago, Illinois

We have audited the accompanying financial statements of the Goose Island Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Goose Island Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Goose Island Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2011, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Rahm Emanuel, Mayor  
Members of the City Council

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Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures by statutory code on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of the City of Chicago's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Bansley and Kiezer, L.L.P.*

Certified Public Accountants

June 21, 2012

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

As management of the Goose Island Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2011. Please read it in conjunction with the Project's financial statements, which follow this section.

*Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Project's basic financial statements. The Project's basic financial statements include three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information concerning the Project's expenditures by statutory code.

*Basic Financial Statements*

The basic financial statements include two kinds of financial statements that present different views of the Project – the *Government-Wide Financial Statements* and the *Governmental Fund Financial Statements*. These financial statements also include the notes to the financial statements that explain some of the information in the financial statements and provide more detail.

*Government-Wide Financial Statements*

The government-wide financial statements provide both long-term and short-term information about the Project's financial status and use accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the project's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Project's net assets and how they have changed. Net assets – the difference between the Project's assets and liabilities – is one way to measure the Project's financial health, or position.

*Governmental Fund Financial Statements*

The governmental fund financial statements provide more detailed information about the Project's significant funds – not the Project as a whole. Governmental funds focus on: 1) how cash and other financial assets can readily be converted to cash flows and 2) the year-end balances that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more financial resources that can be spent in the near future to finance the Project. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the statements to explain the relationship (or differences) between them.



CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(Continued)

*Notes to the Financial Statements*

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements follow the basic financial statements.

*Other Supplementary Information*

In addition to the basic financial statements and accompanying notes, this report also presents a schedule of expenditures by statutory code. This supplementary information follows the notes to the financial statements.

*Condensed Comparative Financial Statements*

The condensed comparative financial statements are presented on the following page.

*Analysis of Overall Financial Position and Results of Operations*

Property tax revenue for the Project was \$4,666,685 for the year. This was an increase of 22 percent over the prior year. The change in net assets produced an increase in net assets of \$2,816,905. The Project's net assets increased by 293 percent from the prior year making available \$1,186,075 (net of surplus distribution) of funding to be provided for purposes of future redevelopment in the Project's designated area.

*Debt Administration*

Tax Increment Allocation Bonds outstanding at December 31, 2011 amounted to \$13,230,000. More detailed information about the Project's long-term liabilities is presented in Note 2 of the financial statements.

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
(Concluded)

Government-Wide

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 15,637,098	\$ 13,904,762	\$ 1,732,336	12%
Total liabilities	<u>13,783,023</u>	<u>14,867,592</u>	<u>(1,084,569)</u>	-7%
Total net assets (deficiency)	<u>\$ 1,854,075</u>	<u>\$ (962,830)</u>	<u>\$ 2,816,905</u>	293%
Total revenues	\$ 4,679,152	\$ 3,833,900	\$ 845,252	22%
Total expenses	<u>1,862,247</u>	<u>3,011,380</u>	<u>(1,149,133)</u>	-38%
Changes in net assets	<u>2,816,905</u>	<u>822,520</u>	<u>1,994,385</u>	242%
Ending net assets (deficiency)	<u>\$ 1,854,075</u>	<u>\$ (962,830)</u>	<u>\$ 2,816,905</u>	293%

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2011

<u>A S S E T S</u>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 11,869,946	\$ -	\$ 11,869,946
Property taxes receivable	3,751,100	-	3,751,100
Accrued interest receivable	16,052	-	16,052
Total assets	<u>\$ 15,637,098</u>	<u>\$ -</u>	<u>\$ 15,637,098</u>
<u>LIABILITIES</u>			
Vouchers payable	\$ 2,831	\$ -	\$ 2,831
Due to other City funds	57,374	-	57,374
Accrued interest payable	492,818	-	492,818
Deferred revenue	3,568,281	(3,568,281)	-
Bonds payable (Note 2):			
Due within one year	-	1,035,000	1,035,000
Due after one year	-	12,195,000	12,195,000
Total liabilities	<u>4,121,304</u>	<u>9,661,719</u>	<u>13,783,023</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Committed for surplus distribution (Note 3)	668,000	(668,000)	-
Committed for debt service	4,381,589	(4,381,589)	-
Committed for future redevelopment project costs	6,466,205	(6,466,205)	-
Total fund balance	<u>11,515,794</u>	<u>(11,515,794)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 15,637,098</u>		
Net assets (deficiency):			
Restricted for surplus distribution (Note 3)		668,000	668,000
Restricted for debt service		7,949,870	7,949,870
Restricted for future redevelopment project costs		(6,763,795)	(6,763,795)
Total net assets (deficiency)		<u>\$ 1,854,075</u>	<u>\$ 1,854,075</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 11,515,794
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	3,568,281
Long-term liabilities applicable to the Project's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities are reported in the statement of net assets.	(13,230,000)
Total net assets (deficiency) - governmental activities	<u>\$ 1,854,075</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 4,244,474	\$ 422,211	\$ 4,666,685
Interest	12,467	-	12,467
Total revenues	<u>4,256,941</u>	<u>422,211</u>	<u>4,679,152</u>
Expenditures/expenses:			
Economic development projects	837,499	-	837,499
Debt service:			
Principal retirement	1,050,000	(1,050,000)	-
Interest	1,024,748	-	1,024,748
Total expenditures/expenses	<u>2,912,247</u>	<u>(1,050,000)</u>	<u>1,862,247</u>
Excess of revenues over expenditures	1,344,694	(1,344,694)	-
Change in net assets	-	2,816,905	2,816,905
Fund balance/net assets (deficiency):			
Beginning of year	<u>10,171,100</u>	<u>(11,133,930)</u>	<u>(962,830)</u>
End of year	<u>\$ 11,515,794</u>	<u>\$ (9,661,719)</u>	<u>\$ 1,854,075</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental funds	\$ 1,344,694
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	422,211
Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For governmental activities, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	<u>1,050,000</u>
Change in net assets - governmental activities	<u>\$ 2,816,905</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In July 1996, the City of Chicago (City) established the Goose Island Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the capital project, debt service and special revenue funds of the City.

(b) *Government-Wide and Fund Financial Statements*

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Effective January 2011, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was adopted to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, by eliminating the reserve component in favor of a restricted classification and by clarifying existing governmental fund type definitions. The "committed fund balance" classification is utilized where amounts are constrained to specific purposes by the City itself, using the highest level of decision-making authority or City Council Ordinance.

Previously, GASB Statement No. 34 (as amended) was implemented and included the following presentation:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Project's overall financial position and results of operations.
- Government-wide financial statements prepared using the economic resources measurement focus and the *accrual basis of accounting* for all the Project's activities.
- Fund financial statements, which focus on the Project's governmental funds *current financial resources measurement focus*.

(c) *Measurement Focus, Basis of Accounting and Financial Statements Presentation*

The government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are prepared on the *modified accrual basis of accounting* with only current assets and liabilities included on the balance sheet. Under the *modified accrual basis of accounting*, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Continued)

Note 1 – Summary of Significant Accounting Policies (Concluded)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

(d) *Assets, Liabilities and Net Assets*

*Cash and Investments*

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

*Capital Assets*

Capital assets are not capitalized in the governmental funds but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City includes the capital assets and related depreciation, if any, of the Project in which ownership of the capital asset will remain with the City (i.e. infrastructure, or municipal building). All other construction will be expensed in both the government-wide financial statements and the governmental funds as the City nor Project will retain the right of ownership.

(e) *Stewardship, Compliance and Accountability*

*Illinois Tax Increment Redevelopment Allocation Act Compliance*

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

*Reimbursements*

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection. The semi-annual principal and interest payments are made solely from incremental real property taxes, which are paid in the redevelopment district.

CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Concluded)

Note 2 – Bonds Payable

In March 2000, the City issued \$16,800,000 of Goose Island Redevelopment Project Tax Increment Allocation Revenue Bonds, Series 2000. The bonds have an interest rate of 7.45 percent and maturity dates ranging from July 1, 2002 to July 1, 2019. Net proceeds of \$16,300,000 were used to finance certain project costs in the Goose Island Redevelopment Project Area (\$14,600,000) and to fund debt service and related reserve accounts (\$1,700,000).

Long-term liability activity for the year ended December 31, 2011 was as follows:

Beginning balance	\$14,280,000
Additions	-
Reductions	<u>(1,050,000)</u>
Ending balance	<u>\$13,230,000</u>
Amounts due within one year	<u>\$ 1,035,000</u>

The aggregate maturities of the bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,035,000	\$ 985,635
2013	1,110,000	908,528
2014	1,500,000	825,833
2015	1,510,000	714,083
2016	1,620,000	601,588
2017-2019	<u>6,455,000</u>	<u>976,695</u>
Total	<u>\$13,230,000</u>	<u>\$5,012,362</u>

Note 3 – Surplus Distribution

In December 2011, the City declared a surplus within the fund balance of the Project in the amount of \$668,000. In June 2012, the surplus funds were sent to the Cook County Treasurer's Office to be redistributed to the various taxing agencies.

Note 4 – Commitments

The City has pledged certain amounts solely from available excess incremental taxes to provide financial assistance to a developer under the terms of a redevelopment agreement for the purpose of paying costs of certain eligible redevelopment project costs.

SUPPLEMENTARY INFORMATION



CITY OF CHICAGO, ILLINOIS  
GOOSE ISLAND REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 71,172
Costs of property assembly, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land	766,327
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	<u>2,074,748</u>
	<u>\$ 2,912,247</u>



## BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1922

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INDEPENDENT AUDITOR'S REPORT

The Honorable Rahm Emanuel, Mayor  
Members of the City Council  
City of Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net assets and governmental funds balance sheet of Goose Island Redevelopment Project of the City of Chicago, Illinois as of December 31, 2011, and the related statement of activities and governmental funds revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated June 21, 2012.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the Goose Island Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

*Bansley and Kiener, L.L.P.*

Certified Public Accountants

June 21, 2012

INTERGOVERNMENTAL AGREEMENTS  
 FY 2011

A list of all intergovernmental agreements in effect in FY 2011 to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)]

Name of Agreement	Description of Agreement	Amount Transferred Out	Amount Received
None			

# Goose Island Redevelopment Project Area 2011 Annual Report

