

3. it is a depressed area as shown by census tract data, and other data; and
4. it satisfies all other additional criteria established to date by regulation of the Illinois Department of Commerce and Community Affairs.

SECTION 3. That Attachment A of the Designating Ordinance is hereby deleted and replaced with a new Attachment A to be placed on file with the City Clerk's Office and later attached to this ordinance.

SECTION 4. The modification of the boundaries of Zone 4 provided herein shall not be effective unless the state approves such modification, and until such approval is given none of the tax and regulatory incentives provided in the Chicago Enterprise Zone Act shall apply to this expanded area.

SECTION 5. The tax incentives provided in the Chicago Enterprise Zone Ordinance shall only apply in the expanded area provided herein for transactions occurring on or after the date of the approval of such expanded area by the State.

SECTION 6. The Zone Administrator is hereby directed to make a formal written application to the Illinois Department of Commerce and Community Affairs and to supply other information as needed to have this amendment to Enterprise Zone 4 approved and certified by the State.

SECTION 7. This ordinance shall be effective from and after its passage.

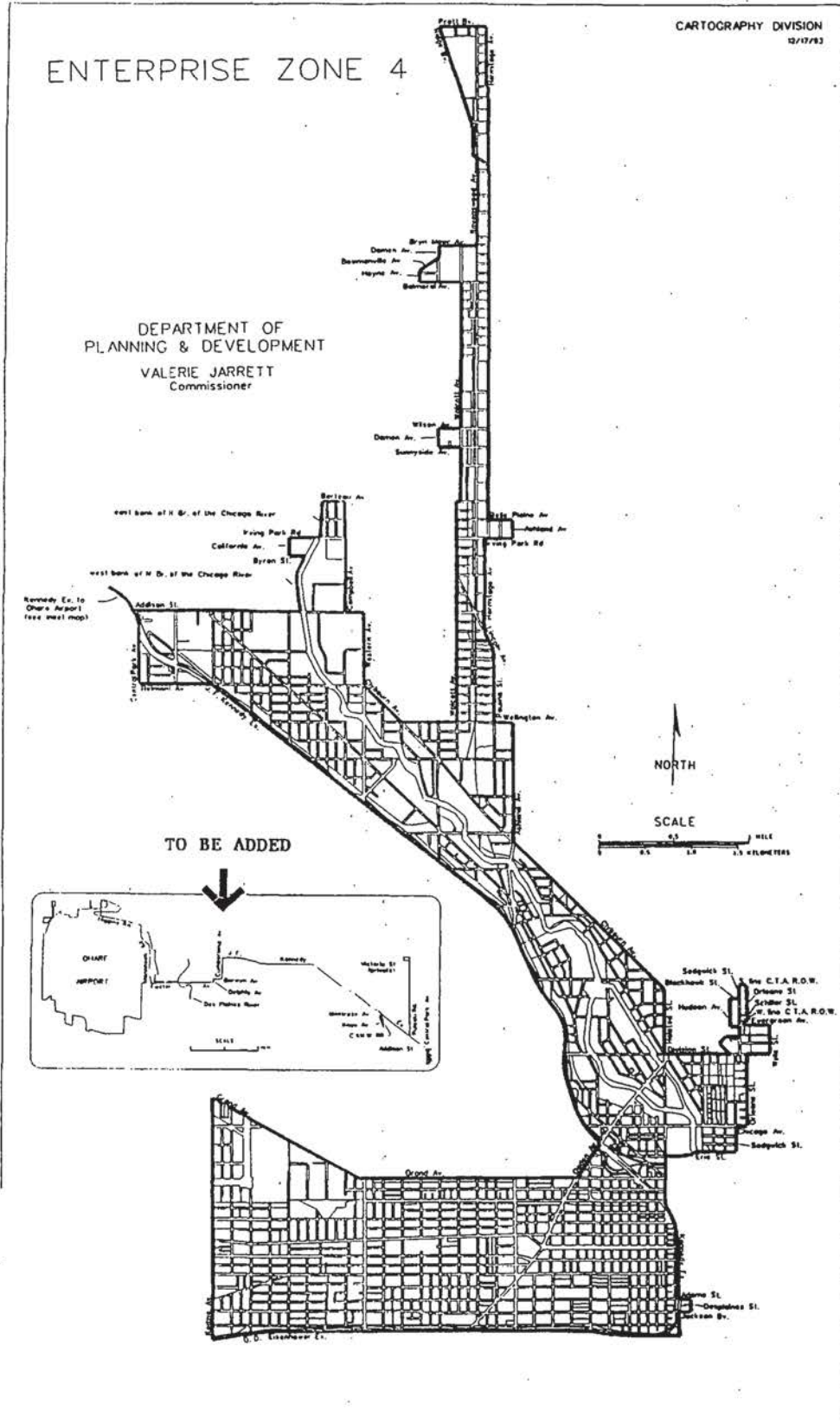
[Attachment "A" referred to in this ordinance printed
on pages 2191 and 2192 of this Journal.]

**AUTHORIZATION FOR EXECUTION OF REDEVELOPMENT
AGREEMENT WITH ESSANAY STUDIO AND LIGHTING
COMPANY, INC. FOR DEVELOPMENT OF PROPERTY
AT 1346 -- 1388 NORTH BRANCH STREET.**

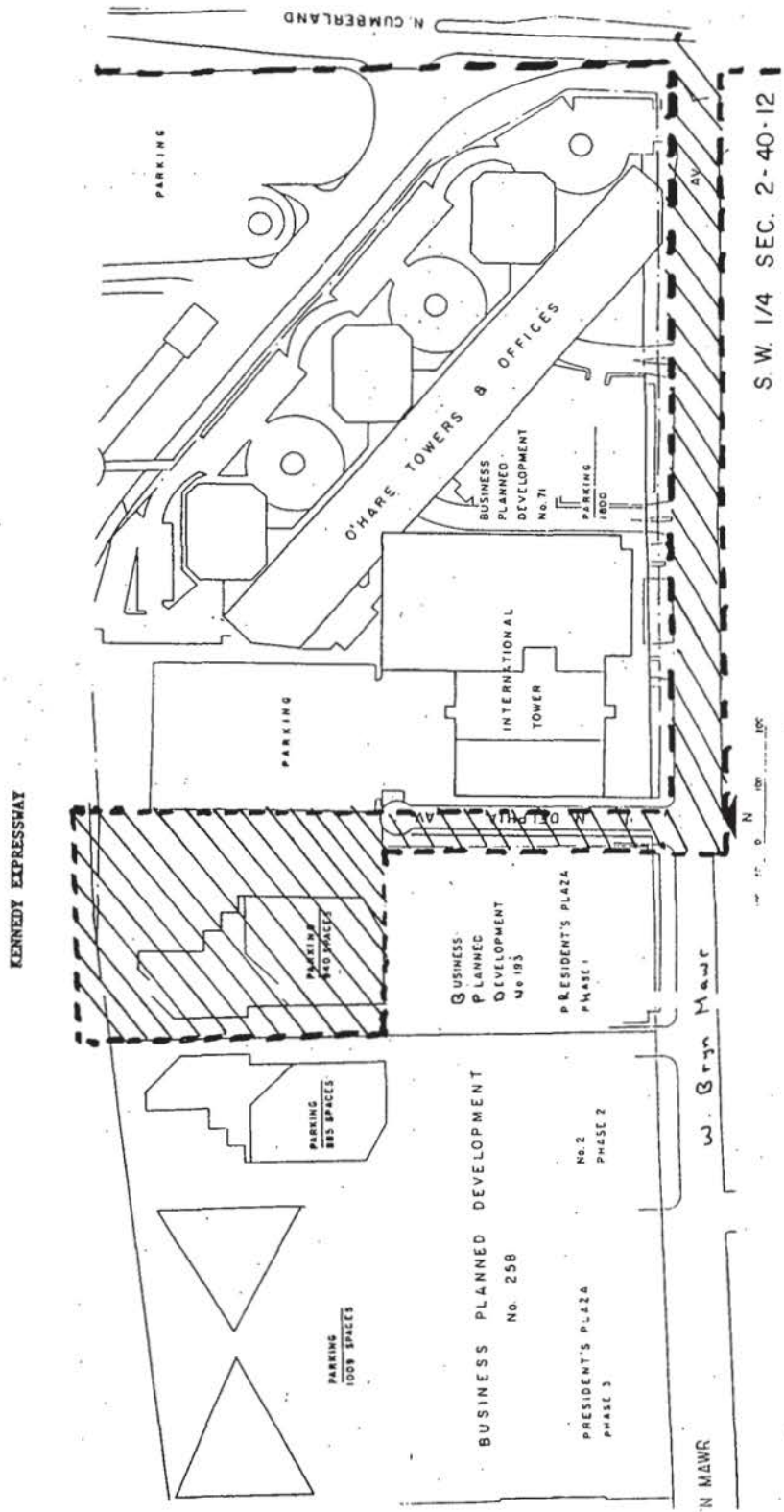
The Committee on Finance submitted the following report:

(Continued on page 2193)

Attachment "A".
(Page 1 of 2)



Attachment "A":
(Page 2 of 2)



(Continued from page 2190)

CHICAGO, June 14, 1995.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing the entering into of a Redevelopment Agreement with the Essanay Studio and Lighting Company, Inc., for the development of property located at 1346 -- 1388 North Branch Street, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

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

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

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

Yeas -- Aldermen Granato, Haithcock, Tillman, Preckwinkle, Holt, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Frias, Olivo, Burke, Jones, Coleman, Streeter, Murphy, Rugai, Troutman, Evans, Munoz, Zalewski, Chandler, Medrano, Ocasio, Burnett, E. Smith, Burrell, Wojcik, Suarez, Gabinski, Mell, Colom, Banks, Giles, Allen, Laurino, O'Connor, Doherty, Natarus, Bernardini, Hansen, Levar, Shiller, Schuler, M. Smith, Moore, Stone -- 49.

Nays -- None.

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

The following is said ordinance as passed:

WHEREAS, Pursuant to an ordinance adopted by the City Council ("City Council") of the City of Chicago (the "City") on October 7, 1993 and published at pages 38559 -- 38589 of the Journal of the Proceedings of the City Council of such date, a certain redevelopment plan and project (the

"Plan") for the Eastman/North Branch Redevelopment Project Area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (1993) (the "Act"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on October 7, 1993 and published at pages 38595 -- 38599 of the Journal of the Proceedings of the City Council of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "T.I.F. Ordinance") adopted by the City Council on October 7, 1993 and published at pages 38598 -- 38604 of the Journal of the Proceedings of the City Council of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, Essanay Studio and Lighting Company, Inc., an Illinois corporation (the "Company"), will acquire certain property at 1346 -- 1388 North North Branch Street (the "Site") located within the Area and shall construct a sound stage production facility thereon consisting of two sound stages, offices, warehouses and conference areas (the "Project") in order to expand the Company's operations, which currently employs approximately seven persons, on the Site; and

WHEREAS, The Company has proposed to undertake the redevelopment of the Site in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Company and the City, including but not limited, to the acquisition of the Site, construction of the facilities and retention of the jobs, to be financed in part by a portion of the proceeds of the City's General Obligation Tender Bonds, Project Series B of 1992; and

WHEREAS, Pursuant to Resolution 95-CDC-19 adopted by the Community Development Commission of the City of Chicago (the "Commission") on May 9, 1995, the Commission authorized the City's Department of Planning and Development ("D.P.D.") to publish notice pursuant to Sections 5/11-74.4(c) of the Act of its intention to negotiate a redevelopment agreement with the Company for the Project and to request alternative proposals for redevelopment of the Area or a portion thereof; and

WHEREAS, D.P.D. published the notice, requested alternative proposals for the redevelopment of the Area or a portion thereof and provided reasonable opportunity for other persons to submit alternative bids or proposals; and

WHEREAS, Since no other responsive proposals were received by D.P.D. for the redevelopment of the Area or a portion thereof within fourteen (14) days after such publication, pursuant to Resolution 95-CDC-19, the Commission has recommended that the Company be designated as the developer for the Project and that D.P.D. be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Company for the Project; now, therefore,

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

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

SECTION 2. The Company is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 3. The Commissioner of D.P.D. (the "Commissioner") or a designee of the Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Company and the City in substantially the form attached hereto as Exhibit A and made a part hereof (the "Redevelopment Agreement"), and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement.

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

SECTION 5. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

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

Exhibit "A" referred to in this ordinance reads as follows:

Exhibit "A".

Redevelopment Agreement

Between

The City Of Chicago

And

Essanay Studio And Lighting Company, Inc.

This Essanay Studio and Lighting Company, Inc. Redevelopment Agreement (this "Agreement") is made as of this _____ day of _____, 1995, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("D.P.D."), and Essanay Studio and Lighting Company, Inc., an Illinois corporation (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 authority to promote the health, safety, and welfare of the City and its inhabitants, to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

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

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on October 7, 1993: (1) "An Ordinance of the City of Chicago, Illinois, Concerning the Approval of the Redevelopment Plan and Redevelopment Project for the Eastman/North Branch Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois, Concerning the Designation of the Eastman/North Branch Redevelopment Project Area as a Tax Increment Financing District"; and (3) "An Ordinance of the City of Chicago, Illinois, Concerning the Adoption of Tax Increment Allocation

Financing for the Eastman/North Branch Redevelopment Project Area" (the "T.I.F. Adoption Ordinance"), (collectively referred to herein as the "T.I.F. Ordinances"). The redevelopment project area (the "Redevelopment Area") is legally described in (Sub)Exhibit A hereto.

D. The Project: The Developer will purchase (the "Acquisition") certain property located within the Redevelopment Area at 1346 -- 1388 North Branch Street, Chicago, Illinois 60622 and legally described on (Sub)Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete the construction of a sound stage production facility thereon consisting of the following: demolition of a portion of the existing building, rehabilitation of the remaining structure of approximately 10,315 square feet and construction of two additions to the rehabilitated space totalling approximately 26,415 square feet to contain two sound stages, offices, warehouses and conference areas (the "Facility"). The Acquisition, the Facility and related improvements (including but not limited to those T.I.F.-Funded Improvements as defined below and set forth on (Sub)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 Eastman/North Branch Tax Increment Financing Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as (Sub)Exhibit D.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, (i) a portion of the proceeds (the "G.O. Bond Proceeds") of its General Obligation Tender Bonds, Project Series B of 1992 (the "G.O. Bonds") issued pursuant to an ordinance adopted by the City Council on July 7, 1992 (the "G.O. Bond Ordinance") and/or (ii) Incremental Taxes (as defined below), to pay for or reimburse the Developer for the costs of the T.I.F.-Funded Improvements pursuant to the terms and conditions of this Agreement.

In addition, the City may, in its discretion, issue tax increment allocation bonds ("T.I.F. Bonds") secured by Incremental Taxes pursuant to a T.I.F. bond ordinance (the "T.I.F. Bond Ordinance"), at a later date as described in Section 4.03(d) hereof, the proceeds of which (the "T.I.F. Bond Proceeds") may be used to pay for the costs of the T.I.F.-Funded Improvements not previously paid for by Incremental Taxes or in order to reimburse the City for the costs of T.I.F.-Funded Improvements.

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

Section 1.

Recitals.

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

Section 2.

Definitions.

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

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

"Bond Ordinance" shall mean the City ordinance authorizing the issuance of the Other Bonds.

"Certificate" shall mean the Certificate of Completion 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 Fee" shall mean the fee described in Section 4.05(b) hereof.

"City Funds" shall mean the funds described in Section 4.03(b) hereof.

"Closing Date" shall mean the date of execution of this Agreement by all parties hereto.

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

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

"Eastman/North Branch Redevelopment Project Area T.I.F. 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.

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

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

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

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

"Escrow Agreement" shall mean the Escrow Agreement establishing a construction escrow, to be entered into as of the date hereof by the City, the Title Company, the Developer and the Developer's lender substantially in the form of (Sub)Exhibit F attached hereto.

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

"Financial Statements" shall mean complete compiled financial statements of the Developer for the Developer's fiscal year ended May 31, 1994 and reviewed financial statements of the Developer for subsequent fiscal years, in both cases prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

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

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

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

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the T.I.F. Adoption Ordinance and Section 5/11-74.4-8(b) of the Act as amended from time to time, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into a special tax allocation fund established to pay redevelopment project costs and obligations incurred in the payment thereof.

"Lender Financing" shall mean [the construction loan to the Developer from Harris Trust and Savings Bank, including a ____% participation by the City, if any] and irrevocably available to pay for Costs of the Project, in the amount set forth in Section 4.01 hereof.

"M.B.E.(s)" or minority-owned business enterprise(s) shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority business enterprise.

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

"Other Bond(s)" shall have the meaning set forth for such term in Section 8.05 hereof.

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

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

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.05(a) hereof.

"Project Budget" shall mean the budget attached hereto as (Sub)Exhibit H, showing the total cost of the Project by line item, furnished by the Developer to D.P.D., in accordance with Section 3.03 hereof.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3 (q) of the Act, as amended from time to time.

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

"Survey" shall mean an A.L.T.A. plat of survey of the Property dated within forty-five (45) days prior to the Closing, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State, 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 Department of Housing and Urban Development (and updates thereof to reflect improvements to the Property in connection with the construction of the Facilities and related improvements as required by the City or lender(s) providing Lender Financing).

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

"T.I.F.-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.

"Title Company" shall mean Near North National Title Corporation, as agent for First American Title Insurance Company.

"Title Policy" shall mean a title insurance policy in the most recently revised A.L.T.A. 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 any previously recorded liens against the Property related to Lender Financing, issued by the Title Company.

"W.B.E.(s)" or women-owned business enterprise(s) means a business enterprise identified in the Directory of Certified Women Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.

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 Section 18.17: (i) commence demolition no later than August 1, 1995; and (ii) complete construction and conduct business operations therein no later than April 30, 1996.

3.02 D.P.D. Approval Of Scope Drawings And Plans And Specifications.

(a) Preliminary Approval. The Scope Drawings and Plans and Specifications shall conform to the Redevelopment Plan as amended from time to time and all applicable federal, state and local laws, ordinances and regulations. No later than ten (10) business days prior to the Closing Date, the Developer shall deliver the Scope Drawings to D.P.D. for its review and written approval. No later than ten (10) business days prior to the First Construction Disbursement, the Developer shall deliver the Plans and Specifications to D.P.D. for its review and written approval. The Developer shall simultaneously submit all such 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.

(b) Revisions. In the event D.P.D. rejects all or any portion of the Scope Drawings and/or Plans and Specifications as initially presented pursuant to Section 3.02(a), within seven (7) business days, the Developer shall have ten (10) business days from the date Developer is notified of such rejection to submit revised or corrected documents to D.P.D. for D.P.D.'s written approval. After the initial approval, subsequent proposed changes shall be submitted to D.P.D. as a Change Order pursuant to Section 3.04 hereof.

3.03 Project Budget.

The Developer has furnished to D.P.D., and D.P.D. has approved, a Project Budget dated as of the date hereof showing total costs for the Project in an amount not less than Two Million Nine Hundred Twenty-two Thousand Dollars (\$2,922,000.00). The Developer hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project; and (b) to the best of Developer's knowledge after diligent inquiry, the Project Budget is true, correct and complete in all material respects. Developer shall promptly

deliver to D.P.D. certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders.

Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) must be submitted by Developer to D.P.D. for D.P.D.'s prior written approval. D.P.D. shall respond within ten (10) business days of receipt of such Change Order with either a written approval or rejection stating the reasons for such rejection. Developer shall not authorize or permit the performance of any work relating to such Change Order or the furnishing of materials in connection therewith prior to the receipt by Developer of D.P.D.'s written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of City to increase the amount of the Incremental Taxes or bond proceeds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders costing less than Twenty-two Thousand Five Hundred Dollars (\$22,500) each, to an aggregate amount of Sixty-seven Thousand Five Hundred Dollars (\$67,500), do not require D.P.D.'s prior written approval as set forth in this Section 3.04, but D.P.D. shall be notified in writing of all such Change Orders prior to the implementation thereof and Developer, in connection with such notice, shall identify to D.P.D. the source of funding therefor.

3.05 D.P.D. Approval.

Any approval granted by D.P.D. 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 D.P.D. pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

3.06 Other Approvals.

Any D.P.D. approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, Developer's obligations to comply with the provisions of Section 5.03 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 D.P.D.'s approval of the Scope Drawings and Plans and Specifications) and proof of the General

Contractor's and/or each subcontractor's bonding for the work to be performed in the public way.

3.07 Progress Reports And Survey Updates.

The Developer shall provide D.P.D. with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring D.P.D.'s written approval pursuant to Section 3.04), subject, however, to Section 18.17. The Developer shall provide three (3) copies of an updated survey to D.P.D. upon the request of D.P.D. or any lender providing Lender Financing, reflecting improvements made to the Property.

3.08 Inspecting Agent Or Architect.

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

3.09 Barricades.

Prior to commencing any construction requiring barricades, 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. D.P.D. 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 Developer, the Property and the Project in City's promotional literature and communications.

3.11 Utility Connections.

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

3.12 Permit Fees.

In connection with the Project, Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City 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 Two Million Nine Hundred Twenty-two Thousand Dollars (\$2,922,000), to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to Section 4.03(b) and 4.06)	\$ 317,000
Lender Financing	2,211,000
Estimated City Funds (subject to Section 4.03)	<u>394,000</u>
ESTIMATED TOTAL:	\$2,922,000

4.02 Developer Funds.

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

4.03 City Funds.

(a) Uses of City Funds. City Funds may be used to pay directly or reimburse the Developer for costs of T.I.F.-Funded Improvements only,

provided, however, that if the costs of such T.I.F.-Funded Improvements do not equal the lesser of Three Hundred Ninety-four Thousand Dollars (\$394,000) or thirteen and one-half percent (13.5%) of actual total Project costs, the City will reimburse the Developer for other Project costs in an amount equal to the difference between the lesser of Three Hundred Ninety-four Thousand Dollars (\$394,000) or thirteen and one-half percent (13.5%) of the total Project costs and the costs of T.I.F.-Funded Improvements. Subject to the Developer's right to reallocate as set forth in Section 4.05(c), (Sub)Exhibit C sets forth, by line item, the T.I.F.-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein, contingent upon receipt by the City of documentation satisfactory in form and substance to D.P.D. evidencing such cost and its eligibility as a Redevelopment Project Cost.

(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 reserve 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 T.I.F.-Funded Improvements:

Source Of City Funds	Maximum Amount
G.O. Bond Proceeds	\$394,000

provided, however, that the total amount of City Funds expended for T.I.F.-Funded Improvements shall be an amount not to exceed the lesser of Three Hundred Ninety-four Thousand Dollars (\$394,000) or thirteen and one-half percent (13.5%) of the actual total Project costs.

4.04 Construction Escrow.

The City and the Developer hereby agree to enter into the Escrow Agreement with the Title Company or an affiliate of the Title Company. All disbursements of Project funds, except Prior Expenditures and non-liable Project costs, shall be made through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. In case of any conflict between the terms of this Agreement and the Escrow Agreement, the terms of this Agreement shall control.

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 D.P.D. and approved by D.P.D. as satisfying

costs covered in the Project Budget shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). D.P.D. shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. (Sub)Exhibit I hereto sets forth the prior expenditures approved by D.P.D. as Prior Expenditures. Prior Expenditures made for items other than T.I.F.-Funded Improvements shall not be reimbursed to the Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) City Fee. City may allocate the sum of Sixty Thousand Dollars (\$60,000) for payment of costs incurred by the City for the administration and monitoring of the Project. Such fee shall be in addition to and shall not be deducted from or considered a part of the City Funds, nor shall the Developer be required to pay such fee.

(c) Allocation Among Line Items. Disbursements for expenditures related to T.I.F.-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 D.P.D. being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$20,000 or \$60,000 in the aggregate, may be made without the prior written consent of D.P.D.. Such transfers among line items shall be considered Change Orders pursuant to Section 3.04 hereof.

(d) Allocation of Costs With Respect to Sources of Funds.

[order of disbursement if Lender Financing includes City Bank Participation Loan:

(i) Disbursement of Equity. Each amount paid pursuant to the Escrow Agreement, as a Prior Expenditure or non-liable cost, whether for T.I.F.-Funded Improvements or otherwise, shall be charged first to Equity.

(ii) Disbursement of Lender Financing. After there is no Equity remaining, each amount paid pursuant to the Escrow Agreement, whether for T.I.F.-Funded Improvements or otherwise, shall be charged to Lender Financing.

(iii) Disbursement of City Funds. After there is no Equity or Lender Financing remaining, each amount paid pursuant to the Escrow Agreement shall be charged to City Funds, to be used to directly pay for, or reimburse the Developer for its previous payment for (out of Equity or Lender Financing) T.I.F.-Funded Improvements.]

[order of disbursement if Lender Financing does not include City participation:

(i) Disbursement of Equity. Each amount paid pursuant to the Escrow Agreement, as a Prior Expenditure or a non-lienable cost, whether for T.I.F.-Funded Improvements or otherwise, shall be charged first to Equity.

(ii) Pro Rata Disbursement of Lender Financing and City Funds. Insofar as the type and timing of the expenditures permit, with respect to the disbursement of Lender Financing and City Funds, the proportion of the aggregate amount of funds disbursed from Lender Financing (whether for T.I.F.-Funded Improvements or otherwise) to the aggregate amount of funds disbursed from City Funds, shall not be less than [5.6 to 1.00], and shall be disbursed as follows:

(A) Costs of non-T.I.F.-Funded Improvements. After there is no Equity remaining, each amount paid pursuant to the Escrow Agreement, for costs other than T.I.F.-Funded Improvements, shall be charged to Lender Financing.

(B) Costs of T.I.F.-Funded Improvements. After there is no Equity remaining, each amount paid pursuant to the Escrow Agreement, for costs of T.I.F.-Funded Improvements, shall be charged either to Lender Financing (in order to meet the pro rata disbursement requirement set forth above) or City Funds, to be used directly to pay for, or to reimburse the Developer for its previous payment for (out of Equity or Lender Financing) T.I.F.-Funded Improvements.]

4.06 Cost Overruns.

If the aggregate cost of the T.I.F.-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, the Developer shall be solely responsible for such excess costs, and shall hold the City harmless from any and all costs and expenses of completing the T.I.F.-Funded Improvements in excess of City Funds.

Section 5.

Conditions Precedent.

The following conditions shall be complied with to City's satisfaction within the time periods set forth below or, if no time period is specified, prior to the Closing Date:

5.01 Project Budget.

The Developer shall have submitted to D.P.D., and D.P.D. shall have approved, a Project Budget in accordance with the provisions of Section 3.03.

5.02 Scope Drawings And Plans And Specifications.

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

5.03 Other Governmental Approvals.

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

5.04 Financing.

Developer shall furnish proof reasonably acceptable to the City that Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, Developer shall have furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by Developer as needed and are sufficient (along with Equity and the City Funds set forth in Section 4.01) to complete the Project.

5.05 Evidence Of Clean Title.

Not less than five (5) business days prior to the Closing Date, Developer, at its own expense, shall have provided City with current searches under Developer's name, as follows:

Secretary of State	U.C.C. search
Secretary of State	Federal tax search
Cook County Recorder	U.C.C. 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
United States District Court	Pending suits and judgments
Clerk of Circuit Court, Cook County	Pending suits and judgments

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

5.06 Surveys.

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

5.07 Insurance.

The Developer, at its own expense, shall have insured the Property in accordance with Section 12 hereof. At least five (5) business days prior to the Closing Date, certificates required pursuant to Section 12 hereof evidencing the required coverages shall have been delivered to D.P.D..

5.08 Opinion Of The Developer's Counsel.

On the Closing Date, the Developer shall furnish the City with an opinion of counsel, substantially in the form attached hereto as (Sub)Exhibit J, with such changes as may be 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 (Sub)Exhibit I hereto such opinions shall be obtained by the Developer from its general corporate counsel.

5.09 Evidence Of Prior Expenditures.

Not less than ten (10) business days prior to the Closing Date, the Developer shall have provided evidence satisfactory to D.P.D. in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.10 Financial Statements.

Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided Financial Statements to D.P.D. for its 1994 fiscal year, compiled interim financial statements.

5.11 Documentation.

The Developer shall have provided documentation to D.P.D., satisfactory in form and substance to D.P.D., with respect to current employment matters.

5.12 Environmental.

Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided D.P.D. with copies of that certain phase I environmental audit completed with respect to the Property. [Based on the City's review thereof, the City may, in its sole discretion, require the completion of a phase II environmental audit with respect to the Property prior to the Closing Date. The City reserves the right to terminate negotiations with respect to this Agreement if, in the City's view, such audits reveal the existence of material environmental problems.] Prior to the Closing Date, the Developer shall provide the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.13 Corporate Documents.

The Developer shall provide 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; and such other corporate documentation as the City may request.

5.14 Litigation.

The Developer shall provide to Corporation Counsel and D.P.D., at least ten (10) business days prior to the Closing Date, a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

5.15 Preconditions Of Disbursement.

Prior to each disbursement of City Funds hereunder, the Developer shall submit documentation of such expenditures to D.P.D., which shall be satisfactory to D.P.D. in its sole discretion. Delivery by the Developer to D.P.D. of any request of 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 amount payable or paid to the General Contractor and/or subcontractors who have performed work on the Project and/or other payees listed thereon;

(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 or Non-Governmental Charges which the Developer is contesting in accordance with the provisions of Section 8.15;

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

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

The 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 G.O. Bond Ordinance, T.I.F. Bond Ordinance, if any, the T.I.F. Bonds, if any, the T.I.F. Ordinances, this Agreement and/or the Escrow Agreement.

Section 6.

Agreements With Contractors.

6.01 Bid Requirement.

The Developer has solicited bids for a design/build, guaranteed maximum price contract for the construction of the Project from qualified contractors eligible to do business with the City of Chicago, and has submitted all bids received to D.P.D. for its inspection. From among those bids, the Developer has selected the General Contractor submitting the lowest responsible bid who can complete the Project in a timely manner. [If the Developer selects a General Contractor submitting other than the lowest responsible bid, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds.] The Developer shall submit copies of the Construction Contract to D.P.D. in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the T.I.F.-Funded Improvements shall be provided to D.P.D. 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 D.P.D. and all requisite permits have been obtained.

6.02 Construction Contract.

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

6.03 Performance And Payment Bonds.

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

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 Local Contractors And Vendors.

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

6.06 Other Provisions.

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 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 T.I.F.-Funded Improvements shall be provided to D.P.D. within five (5) business days of the execution thereof.

Section 7.

Completion Of Project.

7.01 Certificate Of Completion.

Upon completion of the construction of the Project and related

redevelopment activities constituting the Project in accordance with the terms of this Agreement and after the final disbursement from the Escrow, and upon the Developer's written request, D.P.D. 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. Within thirty (30) business days after receipt of Developer's written request for a Certificate, D.P.D. shall respond by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures, and D.P.D. will again respond within thirty (30) business days after receipt of such request as provided above.

7.02 Effect Of Issuance Of Certificate; Continuing Obligations.

The Certificate relates only to the construction of the Project and related redevelopment activities constituting 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 Section 8 as covenants that run with the land and (Sub)Exhibit L hereto to the extent that those provisions applicable 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. 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 the Agreement, then the City shall have, 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 T.I.F.-Funded Improvements that are public improvements and to pay for the costs of T.I.F.-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the T.I.F.-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 T.I.F.-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer, provided that the City is entitled to rely on an opinion of counsel that such reimbursement will not jeopardize the tax-exempt status of the G. O. Bonds, or T.I.F. Bonds, if applicable.

7.04 Notice Of Expiration Of Term Of Agreement.

Upon the expiration of the Term of the Agreement, D.P.D. 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 corporation duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in every other state, if any, 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 Developer of this Agreement has been duly authorized by all necessary corporate action and will not violate its Articles of Incorporation or bylaws, 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 pursuant to the terms of this Agreement, the Developer shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and liens contested in accordance with Section 8.15);

(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 D.P.D.: (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; and

(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 D.P.D., allow the existence of any liens against the Property other than the Permitted Liens or Non-Governmental Charges contested in accordance with Section 8.15, or incur any indebtedness, secured or to be secured by the Property or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget.

8.02 Covenant To Redevelop.

Upon D.P.D.'s approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Section 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 (Sub)Exhibits attached hereto, the T.I.F. Ordinances, the G.O. Bond Ordinance, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The parties agree that this covenant shall run with the land.

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 reimburse the Developer for the T.I.F.-Funded Improvements as provided in this Agreement.

8.05 Other Bonds.

The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Project (other than the G.O. Bonds) including T.I.F. Bonds, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the T.I.F.-Funded Improvements (the "Other Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Other Bonds, including but not

limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto, provided that any out-of-pocket expenses incurred in connection therewith shall be reasonable.

8.06 Job Creation And Retention; Covenant To Remain In The City.

Not less than seven (7) jobs shall be retained by the Developer at the Project within two (2) months of the completion thereof through September 1, 2016, so long as doing so remains economically viable. The Developer hereby covenants and agrees to maintain its operations on the Property within the City of Chicago through September 1, 2016, so long as doing so remains economically viable. The parties agree that this covenant shall run with the land.

8.07 Employment Opportunity.

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.

8.08 Employment Profile.

The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to D.P.D., from time to time, statements of its employment profile upon D.P.D.'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 D.P.D. shall have 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 T.I.F.-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 D.P.D.'s request, prior to any such disbursement.

8.11 Conflict Of Interest.

The Developer represents and warrants 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, owns or controls (or has owned or controlled) any interest, or represents any person, as agent or otherwise, who owns or controls any interest, direct or indirect, in the Developer's business or the property described in (Sub)Exhibit B hereto; nor shall any such member, official, employee or consultant participate in any decision relating to the Developer's business which affects his or her interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

8.12 Disclosure Of Interest.

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 D.P.D. compiled Financial Statements for the Developer's fiscal year ended May 31, 1994 and reviewed Financial Statements each May 31 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 quarterly periods as D.P.D. 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.

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 D.P.D., within thirty (30) days of D.P.D.'s request, official receipts from the appropriate entity, or other proof satisfactory to D.P.D., evidencing payment of the Non-Governmental Charge in question. The Developer shall have 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 and prevent the imposition of a lien or the sale or forfeiture of the Property, other than a mechanic's lien or a lien automatically imposed by operation of law (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 D.P.D.'s sole option, to furnish a good and sufficient bond or other security satisfactory to D.P.D. in such form and amounts as D.P.D. 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 D.P.D. 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 City's request, the Developer shall provide evidence satisfactory to 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 on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.19 Conditional Provisions.

The covenants set forth in (Sub)Exhibit L hereto, in their entirety or selectively, will become effective at the sole option of the City and upon the City's receipt of an opinion from nationally recognized bond counsel that the effectiveness of those provisions will not adversely affect the tax-exempt status of the G.O. Bonds or Other Bonds, if any. In the event that the City exercises its option to make any covenant(s) in (Sub)Exhibit L effective, it shall so notify the Developer in accordance with Section 17 hereof and the notice shall be in recordable form (the "Conditional Provision Notice").

8.20 Survival Of Covenants.

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

Section 9.

Covenants/Representations/Warranties Of City.

9.01 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 and that City Funds are available as of the date hereof to perform such obligations in accordance with the terms of this Agreement, and shall remain available to fund the City's obligations hereunder as same become due.

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.

Section 10.01 Employment Opportunity.

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

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

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

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

(d) The Developer, 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) The Developer and 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 such provision shall be binding upon each contractor or 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 Employment Requirement.

The Developer agrees for itself and its successors and assigns, and shall contractually obligate the other Employers, 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 of Chicago as specified in Section 2-92-330 of the Municipal Code of Chicago (at least fifty percent (50%) of the total worker hours worked by persons on the site of the construction of the Project shall be performed by actual residents of the City of Chicago; provided, however, that in addition to complying with this percentage, the Developer and the other Employers shall be required to

make good faith efforts to utilize qualified residents of the City of Chicago in both skilled and unskilled labor positions.

The Developer and the other Employers may request a reduction or waiver of this minimum percentage level of Chicago residents as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Purchasing Agent of the City of Chicago.

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

The Developer and the other Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Developer and the other Employers shall maintain copies of personnel 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 D.P.D. 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 company hired the employee should be written in after the employee's name.

The Developer and the other Employers shall provide full access to their employment records to the Purchasing Agent, the Commissioner of D.P.D., the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof. The Developer and the other Employers 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 as evidenced by the Certificate.

At the direction of D.P.D., affidavits and other supporting documentation will be required of the Developer and the other Employers to verify or clarify an employee's actual address when in doubt or a lack of clarity has arisen.

Good faith efforts on the part of the Developer and the other Employers 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 Purchasing Agent) 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 and the other Employers failed to ensure the

fulfillment of the requirement of this section concerning the worker hours performed by actual Chicago residents or has 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 Chicago to the degree stipulated in this section. Therefore, in such case of non-compliance it is agreed that 1/20 of 1 percent (.05%), 0.0005, of the aggregate hard construction costs set forth in the Budget (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer and/or the other Employers 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 and/or the other Employers or employee to prosecution. Any retainage to cover contract performance that may become due to the Developer and the other Employers pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Purchasing Agent's determination whether the Developer and the other Employers must surrender damages as provided in this paragraph.

Nothing herein provided shall be construed to be a limitation upon the "Notice of 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.

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 Developer's M.B.E./W.B.E. Commitment.

The Developer agrees for itself and its successors and assigns, and shall contractually obligate the other Employers to agree, that during the construction of the Project:

- (a) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "M.B.E./W.B.E. Program"), Section 2-92-420, et seq., Municipal Code of Chicago, and in reliance upon the provisions of the M.B.E./W.B.E. Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of construction of the Project, at least the following percentages of the total Project Budget less costs of Acquisition (as set forth in the Budget) shall be expended for contract participation by minority-owned businesses ("M.B.E.s") and by women-owned businesses ("W.B.E.s"):

- a. at least 25% by M.B.E.s;
 - b. at least 5% by W.B.E.s.
- (b) For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer pursuant to this Agreement) shall be deemed a "Contractor" and this Agreement (and any contract let pursuant thereto) shall be deemed a "Contract" as such terms are defined in Section 2-92-420, et seq., Municipal Code of Chicago. In addition, the term "minority-owned business" or "M.B.E." shall mean a business enterprise identified in the *Directory of Certified Minority Business Enterprises* published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise; and the term "women-owned business" or "W.B.E." shall mean a business enterprise identified in the *Directory of Certified Women Business Enterprises* published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.
- (c) Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's M.B.E./W.B.E. commitment may be achieved in part by the Developer's status as an M.B.E. or W.B.E., or by a joint venture with one or more M.B.E.s or W.B.E.s (to the extent of the M.B.E. or W.B.E. participation in such joint venture, by the Developer utilizing a M.B.E. or a W.B.E. as a contractor, by subcontracting or causing a contractor to subcontract a portion of the work to one or more M.B.E.s or W.B.E.s, or by the purchase of materials used in the Project from one or more M.B.E.s or W.B.E.s, or by any combination of the foregoing. Those entities which constitute both a M.B.E. and a W.B.E. shall not be credited more than once with regard to the Developer's M.B.E./W.B.E. commitment as described in this Section 10.03. The Developer or a contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of M.B.E.s or M.B.E.s in its activities and operations other than the Project.
- (d) The Developer shall deliver reports to D.P.D. every two (2) months beginning September 1, 1995, describing its efforts to achieve compliance with this M.B.E./W.B.E. commitment. Such reports shall include inter alia the name and business address of each M.B.E. and W.B.E. solicited by the Developer or contractor to work on the Project, and the responses received from such solicitation, the name and business address of each M.B.E. or W.B.E. 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 D.P.D. in determining the Developer's compliance with this M.B.E./W.B.E. commitment. D.P.D. shall have access to the Developer's books and records relating to the Project, including, without limitation, payroll records and tax returns, on ten (10) days notice, to allow the City to review the Developer's compliance with its commitment to M.B.E./W.B.E. participation.

- (e) The Developer shall be obligated to discharge or cause to be discharged any disqualified contractor or subcontractor or to terminate any contract or business with any disqualified supplier, and, if possible, identify a qualified M.B.E. or W.B.E. as a replacement. For purposes of this paragraph (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

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, [the Bond Ordinance] and the Redevelopment Plan.

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

the City or the Developer or any of its subsidiaries under any Environmental Laws relating to the Property.

Section 12.

Insurance.

The Developer shall procure and maintain, or cause to be procured and maintained, at its sole cost and expense, at all times throughout the Term of this Agreement (or during the period of construction for the insurance requirements set forth in subparagraph (b)), and until each and every obligation of the Developer contained in the Agreement has been fully performed, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by the Developer, the General Contractor or any subcontractor:

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

(i) Workers' Compensation And Occupational Disease Insurance.

Workers' Compensation and Occupational Disease Insurance, in accordance with the laws of the State of Illinois or any other applicable jurisdiction, covering all employees who are to provide a service under or in connection with this Agreement, and employer's liability coverage, with limits of not less than \$100,000.00 for each accident or illness.

(ii) Commercial Liability Insurance (Primary And Umbrella).

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Coverage extensions shall include the following: all premises and operations, products/completed operations, independent contractors, cross liability, personal injury with no exclusion pertaining to employment and contractual obligations, and contractual liability (with no limitation

endorsement). The City of Chicago, its employees, elected officials, agents and representatives are to be named as additional insureds on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Agreement.

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

(i) Workers' Compensation And Occupational Disease Insurance.

Workers' Compensation and Occupational Disease Insurance, in accordance with the laws of the State of Illinois or any other applicable jurisdiction, covering all employees who are to provide a service under or in connection with this Agreement and employer's liability coverage with limits of not less than \$500,000.00 for each accident or illness.

(ii) Commercial Liability Insurance (Primary And Umbrella).

Commercial Liability Insurance or equivalent with limits of not less than [\$5,000,000.00] per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Coverage extensions shall include the following: all premises and operations, products/completed operations (for a minimum of two (2) years following completion of construction of the Project) explosion, collapse, underground, independent contractors, cross liability, personal injury with no exclusion pertaining to employment and contractual obligations, and contractual liability (with no limitation endorsement). The City of Chicago, its employees, elected officials, agents and representatives are to be named as additional insureds on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Agreement.

(iii) Railroad Protective Liability Insurance.

When, in connection with this Agreement, any work is to be done adjacent to or on property owned by a railroad or

public transit entity, the Developer shall procure and maintain, or cause to be procured and maintained, with respect to the operations that the Developer, the General Contractor or any subcontractor shall perform, Railroad Protective Liability Insurance in the name of such railroad or public transit entity. The policy shall have limits of not less than \$2,000,000 per occurrence, combined single limit, 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.

(iv) Automobile Liability Insurance.

When any motor vehicles (owned, leased, borrowed or otherwise) are used by the Developer, the General Contractor or any subcontractor for work to be performed in connection with this Agreement, the Developer shall procure and maintain, or cause to be procured and maintained, Comprehensive Automobile Liability Insurance with limits of not less than [\$2,000,000.00] per occurrence combined single limit, for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(v) All Risk Blanket Builder's Risk Insurance.

When the Developer, the General Contractor or any subcontractor undertakes any construction, including improvements, betterments, and/or repairs, the Developer, the General Contractor or any such subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities. Coverage extensions shall include boiler and machinery, flood including surface water backup, and collapse. The City of Chicago shall be named as loss payee.

(vi) Professional Liability.

When any architects, engineers, construction managers or consultants of any kind perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors or omissions shall be maintained

with limits of not less than \$1,000,000.00. Coverage extensions shall include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Project. A claims-made policy that is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers Insurance.

When any plans, designs, drawings, specifications and documents are produced or used in connection with this Agreement, Valuable Papers Insurance shall be maintained in an amount not to insure against any loss whatsoever, and shall have limits sufficient to pay for the re-creation and reconstruction of such items.

(viii) Contractors' Pollution Liability Insurance.

When any environmental remediation work is undertaken by the Developer, the General Contractor or any subcontractor in connection with this Agreement, Contractors' Pollution Liability Insurance shall be procured with limits of not less than \$1,000,000 covering all construction and related work undertaken in connection with this Agreement. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis. The Developer, the General Contractor and any subcontractor shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transportation of Hazardous Materials.

(c) Other Provisions.

(i) Delivery of certificates to City: At least five (5) business days prior to the Closing Date (unless otherwise specified) the Developer shall furnish the following certificates to D.P.D. at City Hall, Room 1000, 121 North LaSalle Street, Chicago, Illinois 60602:

Original certificates of insurance evidencing the required coverage, showing the City as a Certificate holder and, if applicable, loss payee or additional insured, to be in force on the date of execution of this Agreement, and renewal certificates of insurance or other evidence of renewal, if the coverages have an expiration or renewal date occurring during the Term of the Agreement. Each certificate of insurance shall provide that the City is to be given sixty (60) days prior written notice in the event coverage is substantially changed, cancelled or not renewed; and

Original City of Chicago Insurance Certificates of Coverage Form (blank form to be obtained from D.P.D.).

The receipt of the required certificates by D.P.D. does not constitute an agreement by the City that the insurance requirements of this Agreement have been fully met or that the insurance policies indicated on the certificates are in compliance with all requirements hereunder. The failure of the City to receive such certificates or to receive certificates that fully conform to the requirements of this Agreement shall not be deemed to be a waiver by the City of any of the insurance requirements set forth therein.

(ii) Receipt by the Developer of policies or certificates: The Developer shall advise all insurers of the insurance requirements set forth in this Agreement, and the receipt by the Developer of policies or certificates that do not conform to these requirements shall not relieve the Developer of its obligation to provide the insurance as set forth in this Agreement or required by law. Failure to comply with the insurance provisions of this Agreement constitutes an Event of Default hereunder, and the City is entitled to exercise all remedies with respect thereto. The Developer expressly understands and agrees that any coverages and limits furnished by Developer shall in no way limit the Developer's liability and responsibilities specified within this Agreement or as required by law.

(iii) The Developer shall require the General Contractor and all subcontractors to carry the insurance required herein, or alternatively, the Developer may provide the coverage on behalf of the General Contractor or any subcontractor, and if so, the evidence of insurance submitted shall so stipulate.

(iv) The Developer agrees, and shall cause its insurers and the insurers of its General Contractor and each subcontractor engaged after the date hereof in connection with the Project to

agree, that all such insurers shall waive their rights of subrogation against the City.

(v) The limitations set forth in the indemnification provisions in Section 13 hereof, or any limitations on indemnities that may apply as a matter of law, shall in no way limit, reduce or otherwise affect the amounts or types of insurance required under this Agreement.

(vi) The Developer and not the City is responsible for meeting all of the insurance requirements under this Agreement and for the Project. Any insurance or self insurance programs maintained by the City shall apply in excess of and not contribute with insurance required to be provided by the Developer, General Contractor or any subcontractor under this Agreement.

Any and all deductibles or self-insured retentions on the required insurance coverages shall be borne by the Developer, General Contractor or subcontractor who is the insured under such policy, and shall not be borne by the City.

If the Developer, the General Contractor or any subcontractor desires additional coverage, higher limits of liability or other modifications for its own protection, such person or entity shall be responsible for the acquisition and cost of such additional protection.

(vii) The City of Chicago Risk Management Department maintains the right to modify or delete the insurance requirements set forth in this Agreement so long as such action does not, without the Developer's prior written consent, increase such requirements beyond that which is reasonably customary at such time.

Section 13.

Indemnification.

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (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 T.I.F.-Funded Improvements or any other Project improvement; or (iii) the existence of any material misrepresentation or omission by the Developer in this Agreement, any written information provided by the Developer in any offering memorandum or amended Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer; or (iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto and executed by the Developer.

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, 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.

Any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement upon three (3) business days' prior written notice.

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 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 executed by the Developer;

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

(c) the making or furnishing by the Developer to the City of any written representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement executed by the Developer 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 such Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

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

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

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

(i) the dissolution of the Developer or the death of any natural person who owns a material interest in Developer prior to the disbursement of all of the City Funds; or

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within sixty (60) 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).

For purposes of Section 15.01 (i) and 15.01 (j) hereof, a person with a material interest in the Developer shall be one owning in excess of twenty-five percent (25%) 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, secure injunctive relief, specific performance of the agreements contained herein or any other remedy available to the City.

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 shall have failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer 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 shall have failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary

defaults which are not capable of being cured within such thirty (30) day period, the Developer 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 or such default until the same has been cured.

Section 16.

Mortgaging Of The Project.

All mortgages currently in place with respect to the Project or to be recorded in connection with the lender Financing are listed on (Sub)Exhibit G hereto. In the event that the Developer shall hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof, a mortgage(s) or deed(s) of trust other than as set forth in (Sub)Exhibit G (any such mortgage or deed of trust being hereinafter referred to as the "Mortgage" and the holder of the same being hereinafter referred to as the "Mortgagee"), then it is hereby agreed by and between the City and the Developer as follows:

(a) Prior to the issuance by the City to the Developer of a Certificate pursuant to Section 7 hereof, no such Mortgage shall be executed on the Facility, without the prior written consent of the Commissioner of D.P.D..

(b) In the event that the Mortgagee or any other party shall succeed to the Developer's interest in the Property pursuant to the exercise of remedies under a mortgage, whether by foreclosure, deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.16 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 shall have 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 or other party succeeding to the Developer's interest in the Property does not expressly accept an assignment of the Developer's interest hereunder, such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

*Section 17.**Notice.*

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

If To The City:

City of Chicago
Department of Planning and
Development
Room 1000
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Commissioner

With Copies To:

City of Chicago
Department of Law
Finance and Economic
Development Division
Room 511
121 North LaSalle Street
Chicago, Illinois 60602

If To The Developer:

Essanay Studio and Lighting
Company, Inc.
1345 West Argyle Street
Chicago, Illinois 60640

After The Issuance
Of The Certificate:

Essanay Studio and Lighting
Company, Inc.
1346 North North Branch
Street
Chicago, Illinois 60622

With Copies To:

Polsky & Riordan, Ltd.
Suite 3909
205 North Michigan Avenue
Chicago, Illinois 60601
Attention: Patricia Baldwin
Gregory

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 (Sub)exhibits attached hereto may not be amended without the prior written consent of the City.

18.02 Entire Agreement.

This Agreement (including each (sub)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 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 agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 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.

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 T.I.F. Ordinances and/or the G.O. Bond Ordinance, such ordinance(s) shall prevail and control.

18.12 Governing Law.

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

18.13 Form Of Documents.

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

18.14 Approval.

Wherever this Agreement provides for the approval or consent of the City or D.P.D., or any matter is to be to the City's or D.P.D.'s satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or D.P.D. in writing and in its sole discretion.

18.15 Assignment.

Prior to the issuance by the City to the Developer of a Certificate, 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. Notwithstanding the issuance of such Certificate, any such 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 (Conditional Provisions) and 8.20 (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 successors and permitted assigns as herein specified and shall inure to the benefit of the Developer, the City and their successors and assigns as herein permitted.

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.

In Witness Whereof, The parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

Attest:

Essanay Studio and Lighting
Company, Inc.

By: _____

By: _____

Its: _____

Its: _____

City of Chicago

By: _____
Commissioner,
Department of Planning and
Development

State of Illinois)
) SS:
County of Cook)

I, _____, a notary public in and for the said
County, in the State aforesaid, Do Hereby Certify that _____
and _____, personally known to me to be the _____
and _____ of _____, an Illinois corporation (the

"Corporation"), and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that they signed, sealed, and delivered said instrument, pursuant to the authority given to them by the Board of Directors of the Corporation, as their free and voluntary act and as the free and voluntary act of the Corporation, for the uses and purposes therein set forth.

Given under my hand and official seal this ____ day of _____, 199__.

Notary Public

My commission expires_____.

[Seal]

State of Illinois)
) SS:
County of Cook)

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

Given under my hand and official seal this ____ day of _____, 199__.

Notary Public

My commission expires_____.

[Seal]

[(Sub)Exhibits "E", "F", "I" and "J" not available
in original document.]

(Sub)Exhibits "A", "B", "C", "D", "G", "H", "K" and "L" referred to in this
Redevelopment Agreement read as follows:

(Sub)Exhibit "A".
(To Redevelopment Agreement)

Redevelopment Area Legal Description.

That part of Elston's Addition to Chicago, being a subdivision in the west half of the northeast quarter of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian, described as follows:

beginning at the southwest corner of Lot 11 in Block 50 in said Elston's Addition, said point being also the point of intersection of the north line of Blackhawk Street and the easterly line of the North Branch of the Chicago River; thence east on an assumed bearing of north 90 degrees, 00 minutes, 00 seconds east along the south line and the easterly extension of said Lot 11 a distance of 604.00 feet to a point in the east line of Cherry Avenue; thence south 1 degree, 20 minutes, 21 seconds east along said east line of Cherry Avenue, and the southerly extension thereof, a distance of 833.83 feet to a point in the northeasterly extension of the southerly line of Eastman Street; thence south 58 degrees, 58 minutes, 54 seconds west along said southerly line a distance of 288.35 feet to a point in the easterly line of Branch Street;

thence north 31 degrees, 01 minutes, 06 seconds west along said easterly line a distance of 132.10 feet to a bend point in said easterly line of Branch Street; thence north 1 degree, 20 minutes, 21 seconds west along said easterly line a distance of 358.20 feet to a point in a line, said line being the easterly extension of the south line of Lot 9 in Block 51 in said Elston's Addition; thence south 90 degrees, 00 minutes, 00 seconds west along said south line and easterly extension thereof a distance of 354.00 feet to the southwest corner of said Lot 9, said point being also on the easterly line of the North Branch of said Chicago River; thence northeasterly along said easterly line a distance of 513.7 feet, more or less, to the place of beginning, all in Cook County, Illinois.

Permanent Index Numbers: 17-05-201-007
 17-05-201-008
 17-05-202-003
 17-05-202-004
 17-05-202-005
 17-05-202-006
 17-05-202-007

(Sub)Exhibit "B".
(To Redevelopment Agreement)

Property Legal Description.

Lots 5, 6, 7, 8 and 9 in Block 51 in Elston's Addition to Chicago in Section 5, Township 39 North, Range 14 East of the Third Principal Meridian, all in Cook County, Illinois.

(Sub)Exhibit "C".
(To Redevelopment Agreement)

T.I.F.-Funded Improvements.

Line Item	Cost
Demolition and Site Preparation (including landscaping in the public way)	\$303,283
Legal Fees	55,000
Title, Escrow, Survey, etc.	10,000
Environmental and Soil Testing	11,717
Appraisal	3,000
Relocation	<u>11,000</u>
TOTAL:	\$394,000*

* Subject to costs qualifying as Redevelopment Project Costs.

(Sub)Exhibit "D".
(To Redevelopment Agreement)

Eastman/North Branch
Tax Increment Financing
Redevelopment Project And Plan.

City Of Chicago
Richard M. Daley, Mayor
June, 1993.

1.

Introduction.

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

This ordinance states that its objectives are to:

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

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

The City has given Goose Island P.M.D. designation for a number of reasons.

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

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

Tax Increment Financing.

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

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

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

The Eastman/North Branch Tax Increment Redevelopment Plan And Project.

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

This Redevelopment Plan also specifically describes the Redevelopment Project Area and sets forth the blighting factors which qualify the

Redevelopment Project Area for designation as a blighted area as defined in the Act.

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

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

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

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

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

Public and private investment is possible only if tax increment financing is used pursuant to the terms of the Act. The revenue generated by the development will play a decisive role in encouraging private development. Conditions of blight that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan, the City of Chicago will serve as the central force for marshaling the assets and energies of the private sector for a unified cooperative public/private

redevelopment effort. Implementation of this Redevelopment Plan will benefit the City, its neighborhoods and all the taxing districts which encompass the Goose Island area in the form of an expanded tax base, employment opportunities and a wide range of other benefits.

2.

Redevelopment Project Area Description.

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

That part of Elston's Addition to Chicago, being a subdivision in the west half of the northeast quarter of Section 5, Township 39 North, Range 14 East of the Third Principal Meridian, described as follows:

beginning at the southwest corner of Lot 11 in Block 50 in said Elston's Addition, said point being also the point of intersection of the north line of Blackhawk Street and the easterly line of the North Branch of the Chicago River; thence east on an assumed bearing of north 90 degrees, 00 minutes, 00 seconds east along the south line and the easterly extension of said Lot 11, a distance of 604.00 feet to a point in the east line of Cherry Avenue; thence south 1 degree, 20 minutes, 21 seconds east along said east line of Cherry Avenue, and the southerly extension thereof, a distance of 833.83 feet to a point in the northeasterly extension of the southerly line of Eastman Street; thence south 58 degrees, 58 minutes, 54 seconds west along said southerly line a distance of 288.35 feet to a point in the easterly line of Branch Street; thence north 31 degrees, 01 minutes, 06 seconds west along said easterly line, a distance of 132.10 feet to a bend point in said easterly line of Branch Street; thence north 1 degree, 20 minutes, 21 seconds west along said easterly line, a distance of 358.20 feet to a point in a line, said line being the easterly extension of the south line of Lot 9 in Block 51 in said Elston's Addition; thence south 90 degrees, 00 minutes, 00 seconds west along said south line and easterly extension thereof, a distance of 354.00 feet to the southwest corner of said Lot 9, said point being also on the easterly line of the North Branch of said Chicago River; thence northeasterly along said easterly line a distance of 513.7 feet, more or less, to the place of beginning, all in Cook County, Illinois.

3.

Redevelopment Project Area Goals And Policies.

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

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

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

General Goals.

- Provide infrastructure improvements within the Redevelopment Project Area.
- Encourage industrial development by eliminating the influences and the manifestations of physical and economic deterioration and obsolescence within the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area.
- Revitalize the Redevelopment Project Area to establish it as an important activity center contributing to the regional and national focus of the City.
- Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties adjacent to the Redevelopment Project Area.

- Provide an increased real estate and sales tax basis for the City of Chicago, the State of Illinois and other taxing districts extending into the Redevelopment Project Area.

Policies.

It is the policy of the City of Chicago to:

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

4.

Blighted Area Conditions Existing In The Redevelopment Project Area.

The findings presented in this section are based on surveys and analysis conducted for an area of approximately eleven (11) acres, consisting of nine (9) parcels in a two-block area, including street rights-of-way. The Redevelopment Project Area includes the area generally bounded by West Blackhawk Street, North Cherry Street, West Eastman Street, North Branch Street and the North Branch of the Chicago River.

As set forth in the "Act", "blighted area" means any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of five (5) or more of the following factors: age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; or lack of community planning, is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired by, (1) a combination of two (2) or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; deterioration of structures or

site improvements in neighboring areas adjacent to the vacant land, or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused railyards, rail tracks or railroad rights-of-way, or (5) the area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or (is) in proximity to any improvements on real property which has been in existence for at least five (5) years and which substantially contributes to such flooding, or (6) the area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites, or (7) the area is not less than fifty (50) nor more than one hundred (100) acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within five (5) years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in provision (1) of subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.

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

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

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

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

1. Age.

Age as a factor is present to a major extent. All three buildings within the area are thirty-five years of age or older.

2. Obsolescence.

Obsolescence as a factor is present to a major extent. Characteristics include obsolete buildings, obsolete streets and obsolete platting.

3. Deterioration.

Deterioration as a factor is present to a major extent throughout the area. Conditions contributing to this factor include deteriorating structures and deteriorating streets.

4. Existence Of Structures Below Minimum Code.

Structures below minimum code as a factor are present to a major extent, affecting all buildings with advanced defects which are below the City's code standards for existing buildings.

5. Excessive Vacancies.

Excessive vacancies as a factor is present to a major extent and includes two of the three large buildings and property within the area.

6. Excessive Land Coverage.

Excessive land coverage as a factor is present to a major extent. Of the three properties, buildings coverage includes one hundred percent (100%) on one site and seventy-five percent (75%) on the remaining sites. Excessive land coverage conditions results in limited provision for off-street parking, loading and service.

7. Deleterious Land-Use Or Layout.

Deleterious land-use or layout is present to a major extent throughout the area. Conditions contributing to this factor include parcels of limited size and irregular shape and lack of proper placement/setback of buildings.

8. Depreciation Of Physical Maintenance.

Depreciation of physical maintenance is present to a major extent. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and storage areas, and streets.

9. Lack Of Community Planning.

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

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

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

5.

*Eastman/North Branch Tax Increment Financing
Redevelopment Project.*

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

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

Redevelopment Objectives.

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

- Provide sites for needed public improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with accepted design criteria for such facilities.
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts.
- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Redevelopment Project Area.
- Implement and achieve the Redevelopment Project Area Goals and Policies as set forth in Section 3 of this Redevelopment Plan.

Redevelopment Plan And Project Activities.

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

1. Property Acquisition, Site Preparation, Demolition And Relocation.

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

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

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

2. Provision Of Public Improvements.

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

A. Seawall Reconstruction.

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

B. Utility Relocation.

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

3. Job Training And Related Educational Programs.

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

4. Analysis, Administration, Studies, Surveys, Legal, Et Al.

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

5. Redevelopment Agreements.

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

General Land-Use Plan.

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

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

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

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

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

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

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

Estimated Redevelopment Project Costs.

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

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

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

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

Table 1.

Division/North Branch Redevelopment Program.

Estimated Redevelopment Project Costs.

Program Action/Improvement.

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

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

Sources Of Funds To Pay Redevelopment Project Costs.

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

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

Issuance Of Obligations.

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

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

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and redevelopment project costs, and, to the extent that real property tax increment is not used for such purposes, may be declared surplus and shall then become available for

distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation Of Properties In The Redevelopment Project Area.

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

Anticipated Equalized Assessed Valuation.

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

Table 2.

Summary Of Proposed 1992 Equalized Assessed Valuations.

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

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

6.

Phasing And Scheduling Of Redevelopment Project.

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

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

7.

Provisions For Amending This Redevelopment.

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

8.

Affirmative Action Plan.

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

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

In order to implement these principles for this Plan and Project, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors and vendors. In particular,

parties contracting for work on the Project shall be required to agree to the principles set forth in this section.

[Project Boundary Map, Summary of Blight Factors, Development Program and Land-Use Plan referred to in this Eastman/North Branch Tax Increment Financing Redevelopment Project and Plan printed on pages 2270 through 2273 of this Journal.]

(Sub)Exhibit "G".
(To Redevelopment Agreement)

Permitted Liens.

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any: [To be completed by Developer's counsel, subject to City approval.]

3. Taxes, a lien but not yet due and payable.

4. Loans from Harris Bank as follows:

(a) Construction loan in the amount of \$2,180,000; 12-month term; variable rate based on _____;

(b) Permanent loan in the amount of \$1,211,000; 20-year term; variable rate based on _____.

5. Loan from Somercore 504 ("S.B.A.") in the amount of \$1,000,000; 20-year term; interest rate to be set immediately before closing.

Project Boundary Map.

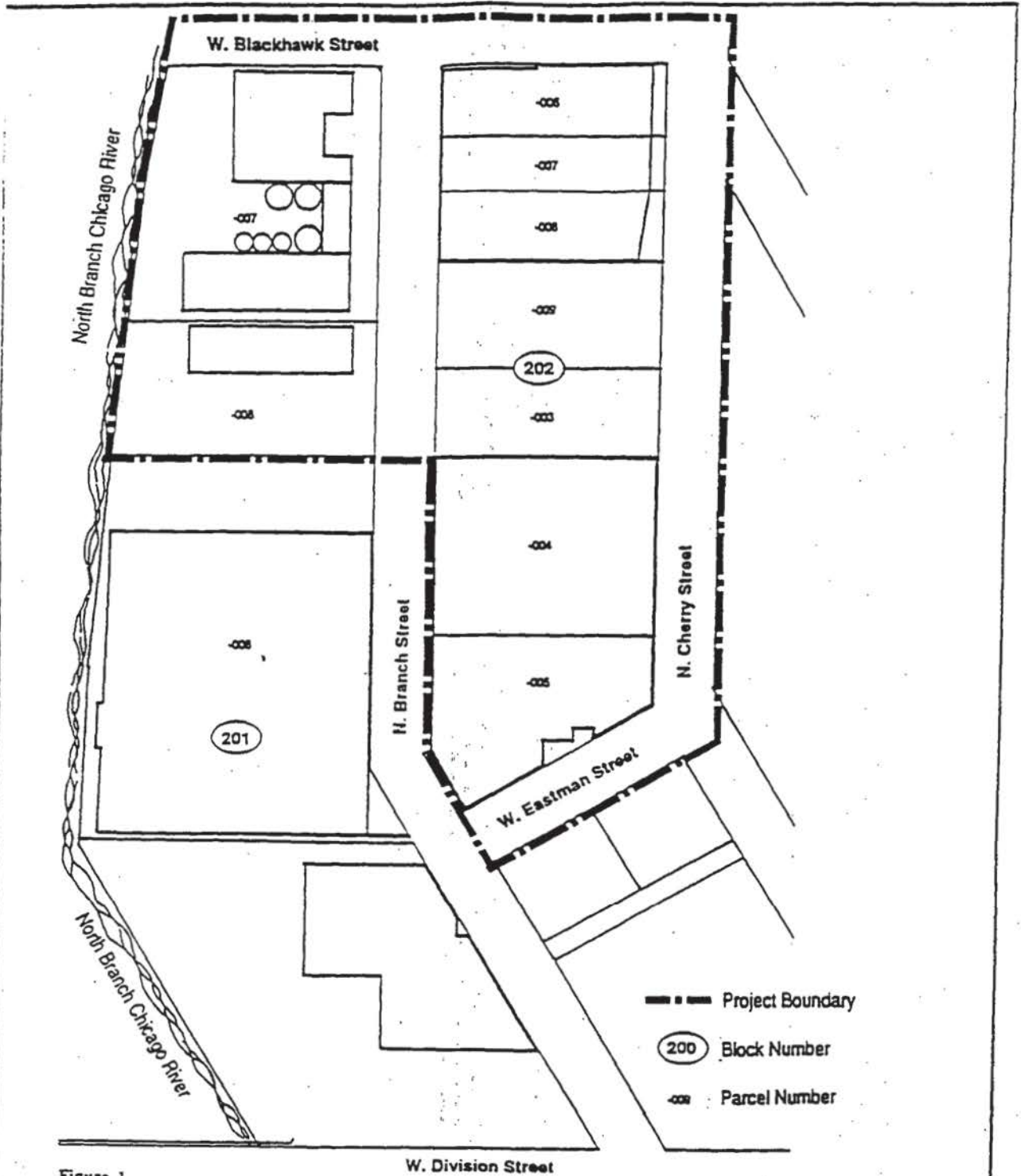


Figure 1

EASTMAN/NORTH BRANCH TAX INCREMENT REDEVELOPMENT PROJECT

Chicago, Illinois



Summary Of Blight Factors.

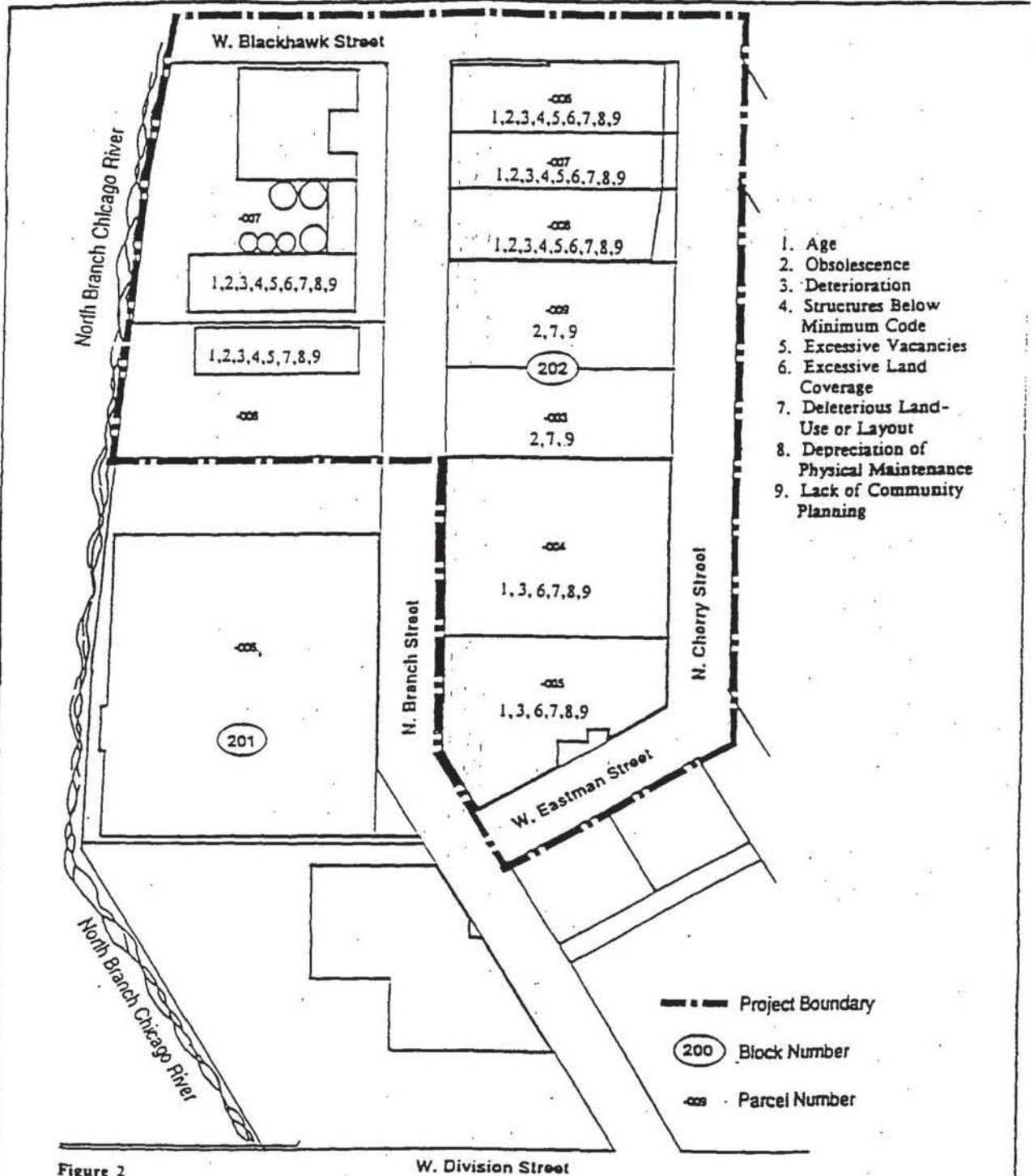


Figure 2

EASTMAN/NORTH BRANCH
TAX INCREMENT REDEVELOPMENT PROJECT

Chicago, Illinois



Prepared by T.H. Robinson, Allen & Davis, Inc.

Development Program.

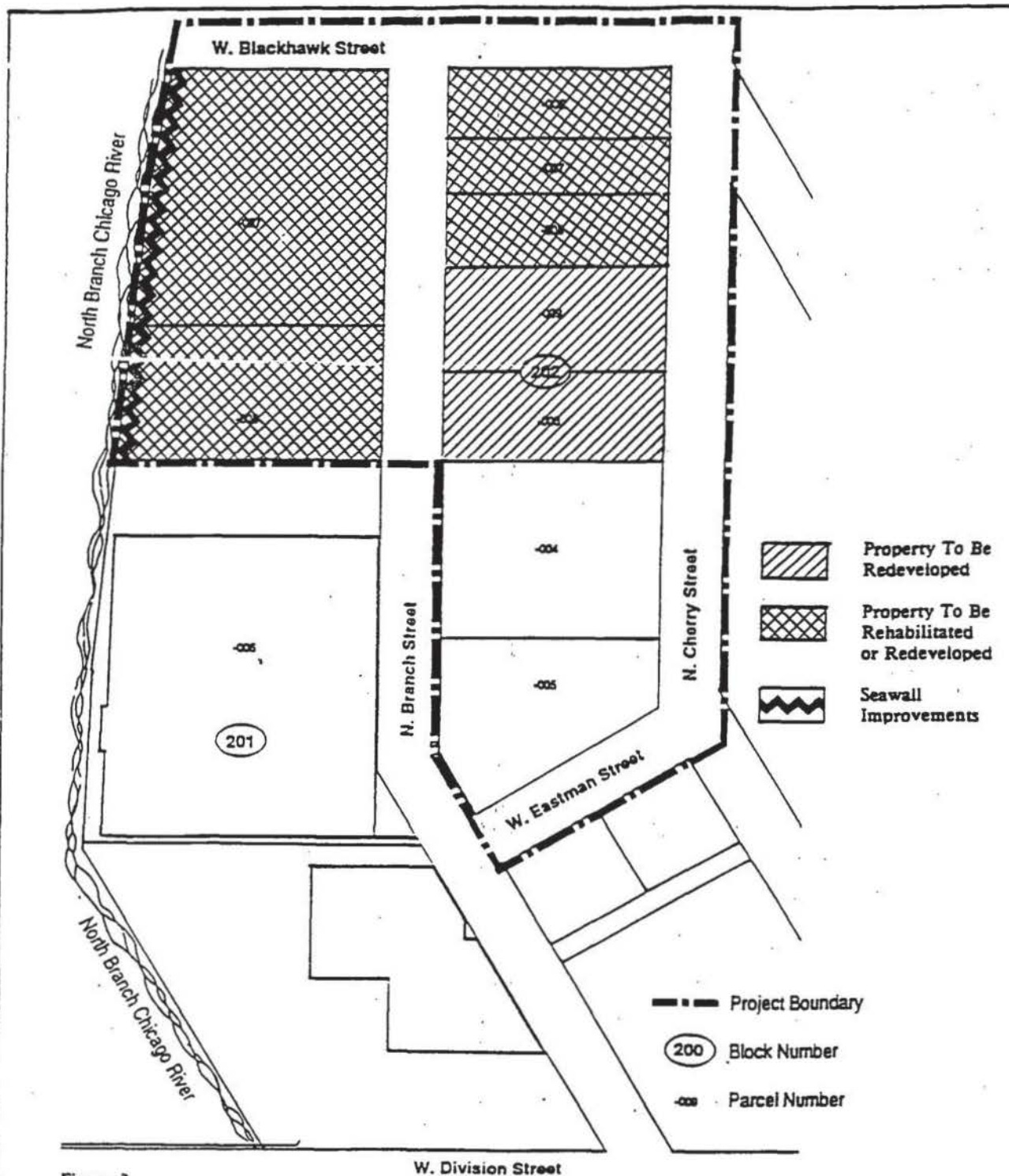
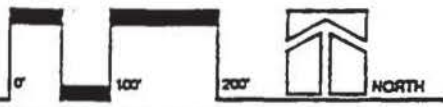


Figure 3

EASTMAN/NORTH BRANCH TAX INCREMENT REDEVELOPMENT PROJECT

Chicago, Illinois



Designed by Todd Dattinrow Allen & Paine Inc.

Land-Use Plan.

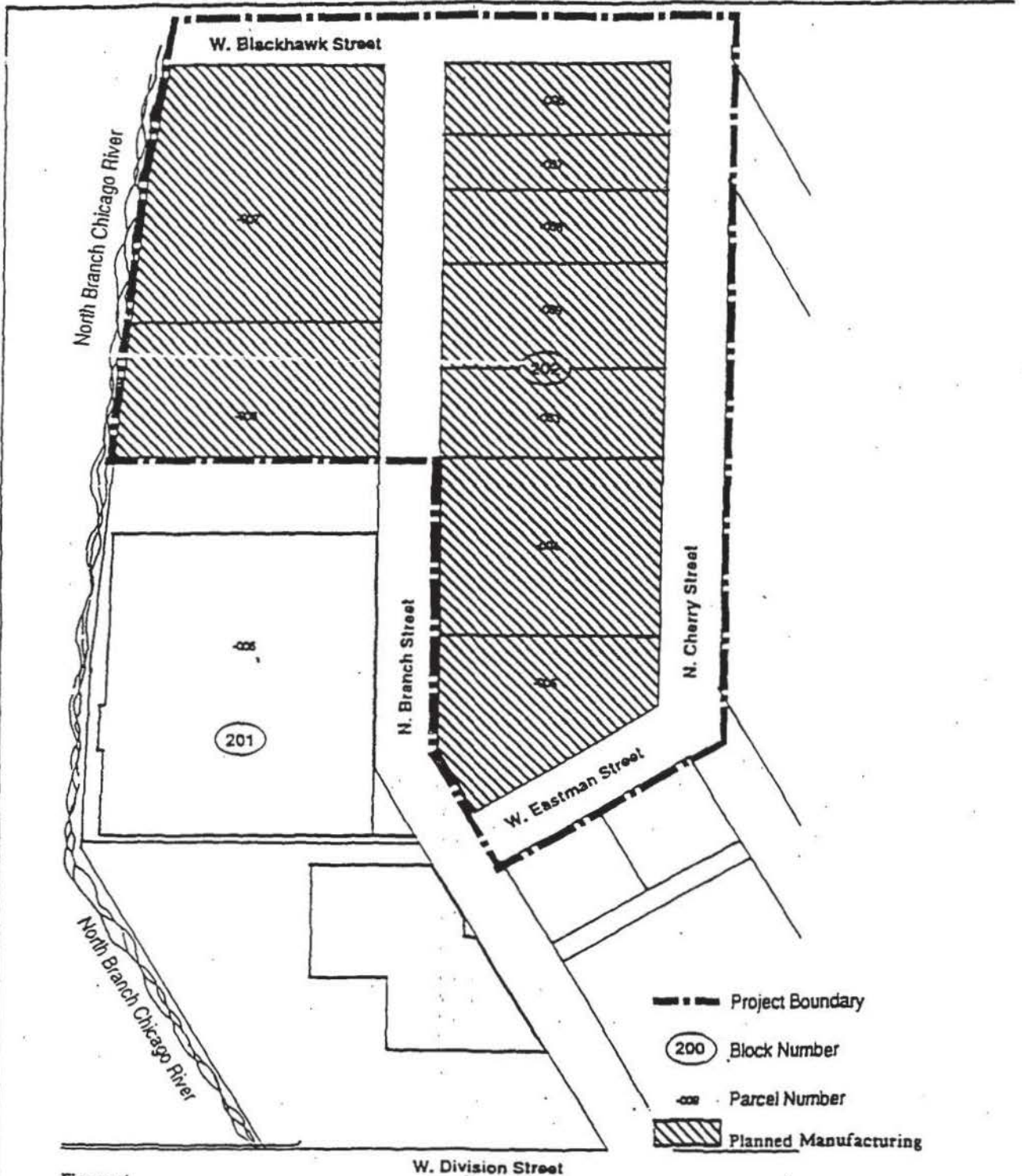


Figure 4

EASTMAN/NORTH BRANCH
TAX INCREMENT REDEVELOPMENT PROJECT

Chicago, Illinois



Prepared by: Tris, Doherty, Allen & Payne, Inc.

(Sub)Exhibit "H".
 (To Redevelopment Agreement)

Project Budget.

Essanay Studio And Lighting Company, Inc.

Sources And Uses Of Funds.

Uses Of Funds	Cost
Land Acquisition	\$ 522,000
Construction (includes demolition and landscaping)	1,819,175
Construction Contingency	115,433
Phone System	22,000
Signs for Building	10,000
Alarm System	8,000
Appliances and Miscellaneous Furniture	15,000
Trade Fixtures -- Sound Doors for Stages	20,000
Security During Construction	25,000
Trade Fixtures -- Cycloramas (2)	100,000
Fencing	15,000
Builders Insurance	2,500
Legal and Closing Costs -- Land	10,600
Legal -- Polsky and Riordan, Ltd.	60,000
Legal -- Bank	10,000
Title Policy, Construction Escrow, Recordings and U.C.C.s	5,000

6/14/95

REPORTS OF COMMITTEES

2275

Uses Of Funds	Cost
Appraisal	\$ 3,000
Bank -- Monthly Inspections (Construction)	4,550
Bank -- Plan Review	2,000
Bank -- Loan Fees	33,000
S.B.A. Loan Fees	29,000
Interest During Construction	75,000
Survey	4,550
Environmental	6,210
Soil Testing ("G.E.O.")	<u>4,982</u>
TOTAL PROJECT COSTS:	\$2,922,000

Sources Of Funds	Cost
Down Payment/Essanay	\$ 242,000
Essanay Equity During Construction	75,000
Harris Bank Loan	711,000
Summercore 504, Inc. ("S.B.A.")	1,000,000
City of Chicago (Bank Participation Loan)	500,000
City of Chicago (G.O.B. and/or T.I.F. funds)	<u>394,000</u>
TOTAL PROJECT FUNDS:	\$2,922,000

(Sub)Exhibit "K".
(To Redevelopment Agreement)

Preliminary T.I.F. Projection -- Real Estate Taxes.

Year	Minimum Assessed Value	Estimated Multiplier (Five-Year Average)	Estimated Tax Rate	Property Tax Revenue
1995	\$211,162	2.0381	9.899%	\$ 0
1996	362,855	2.0381	9.899%	42,602
1997	362,855	2.0381	9.899%	73,207
1998	362,855	2.0381	9.899%	73,207
1999	401,675	2.0381	9.899%	73,207
2000	401,675	2.0381	9.899%	81,039
2001	401,675	2.0381	9.899%	81,039
2002	443,479	2.0381	9.899%	81,039
2003	443,479	2.0381	9.899%	89,473
2004	443,479	2.0381	9.899%	89,473
2005	488,498	2.0381	9.899%	89,473
2006	488,498	2.0381	9.899%	98,555
2007	488,498	2.0381	9.899%	98,555
2008	536,979	2.0381	9.899%	98,555
2009	536,979	2.0381	9.899%	108,336
2010	536,979	2.0381	9.899%	108,336
2011	589,187	2.0381	9.899%	108,336
2012	589,187	2.0381	9.899%	118,869

Year	Minimum Assessed Value	Estimated Multiplier (Five-Year Average)	Estimated Tax Rate	Property Tax Revenue
2013	\$589,187	2.0381	9.899%	\$118,869
2014	645,409	2.0381	9.899%	118,869
2015	645,409	2.0381	9.899%	130,212
2016	645,409	2.0381	9.899%	130,212

(Sub)Exhibit "L".
(To Redevelopment Agreement)

Real Estate Provisions.

(a) **Governmental Charges.** The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, state, county, City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Developer, the Property or the Project including but not limited to real estate taxes. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in paragraph (b) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending 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 D.P.D. of the Developer's intent to contest or object to a Governmental Charge and, unless, at D.P.D.'s sole option, (i) the

Developer shall demonstrate to D.P.D.'s satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent a lien (other than a tax 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 D.P.D. in such form and amounts as D.P.D. 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. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise D.P.D. thereof in writing, at which time D.P.D. may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in D.P.D.'s sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which D.P.D. deems advisable. All sums so paid by D.P.D., if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to D.P.D. 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.

(b) Real Estate Taxes.

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

(iv) No Objections. Neither Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in anyway 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 by any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean a complaint seeking to increase the assessed value of the Project to the Minimum Assessed Value as shown on (Sub)Exhibit K for the applicable year.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this (Sub)Exhibit L 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; however, the restrictions contained in this (Sub)Exhibit L shall not be effective until such time, if ever, that the Conditional Provision Notice is recorded against the Property. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date that the Conditional Provision Notice is recorded against the Property, provided however, that the covenants shall be released when the Redevelopment Areas is no longer in effect, or the Term of the Agreement, whichever occurs first. The Developer agrees that any sale, lease conveyance, or transfer of title to all or any portion of the Property from and after the date hereof shall be made explicitly subject to these conditional covenants and restrictions.

(c) Insurance. In addition to the insurance required pursuant to Section 12 hereof, the Developer shall procure and maintain the following insurance:

- (i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property.
- (ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business

interruption/loss of rents, flood and boiler and machinery, if applicable.

AMENDMENT OF ORDINANCE WHICH ESTABLISHED SPECIAL
SERVICE AREA NUMBER 2 AND AUTHORIZATION
FOR EXECUTION OF SERVICE PROVIDER
AGREEMENT WITH BELMONT-CENTRAL
PARKING COMMISSION, INC.

The Committee on Finance submitted the following report:

CHICAGO, June 14, 1995.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration a substitute ordinance authorizing the execution of an agreement with the Belmont-Central Parking Commission for the Special Service Area Number 2, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed substitute ordinance transmitted herewith.

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

Respectfully submitted,
(Signed) EDWARD M. BURKE,
Chairman.

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

Yeas -- Aldermen Granato, Haithcock, Tillman, Preckwinkle, Holt, Steele, Beavers, Dixon, Shaw, Buchanan, Huels, Frias, Olivo, Burke, Jones, Coleman, Streeter, Murphy, Rugai, Troutman, Evans, Munoz, Zalewski, Chandler, Medrano, Ocasio, Burnett, E. Smith, Burrell, Wojcik, Suarez, Gabinski, Mell, Colom, Banks, Giles, Allen, Laurino, O'Connor, Doherty, Natarus, Bernardini, Hansen, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 49.