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IRVING/CICERO REDEVELOPMENT PROJECT AREA
REDEVELOPMENT AGREEMENT

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BY AND BETWEEN

THE CITY OF CHICAGO

AND

SIX CORNERS DEVELOPMENT, LLC

This agreement was prepared by
and after recording return to:
Paul Davis, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 511
Chicago, IL 60602

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after recording return to:
Paul Davis, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 511
Chicago, IL 60602

IRVING/CICERO REDEVELOPMENT AREA REDEVELOPMENT AGREEMENT

This Irving/Cicero Redevelopment Area Redevelopment Agreement (this "Agreement") is made as of this 22nd day of October, 1996, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Six Corners Development, L.L.C., an Illinois limited liability company (the "Developer").

RECITALS

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

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (1992 State Bar Edition), as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions through the use of tax increment allocation financing for redevelopment projects.

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

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

D. The Project: The Developer has purchased or will purchase prior to the disbursement of any City Funds (the "Acquisition") certain property located within the Redevelopment Area generally at the northeast corner of the intersection of Irving Park Road and Cicero Avenue, Chicago, Illinois and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete construction of an approximately 117,000 square foot retail shopping center (the "Facility") thereon. The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Irving/Cicero Redevelopment Area Tax Increment Financing Program Redevelopment Plan (the "Redevelopment Plan") attached hereto as Exhibit D, as amended from time to time.

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

In addition, the City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Incremental Taxes pursuant to a TIF bond ordinance (the "TIF Bond Ordinance"), at a later date as described in Section 4.03(c) hereof, the proceeds of which (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for by Incremental Taxes or in order to reimburse the City or the Developer for the costs of TIF-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(s)" shall have the meaning set forth for such term in Section 8.05 hereof.

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

"CD Float Loan" shall mean the loan in the amount of \$5,000,000 made by the City to the Developer with respect to the Project.

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

"City Fee" shall mean the fee described in Section 4.05(c) hereof.

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

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

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

Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the 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 Insurance Corporation.

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

"WBE(s)" shall mean a business 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 Project, the Developer shall, pursuant to the Plans and Specifications: (i) commence construction and/or demolition no later than December 1, 1996; and (ii) complete construction and conduct business operations therein no later than December 31, 1997.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered, or will deliver prior to the disbursement of any City Funds, the Scope Drawings and Plans and Specifications to DPD and DPD shall approve same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan as amended from time to time and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Nineteen Million Two Hundred Seventy-Four Thousand Dollars (\$19,274,000). The Developer hereby certifies to the City that the Project Budget is true, correct and complete in all material respects. The Developer hereby certifies to the City that it has Lender Financing and Equity in an amount sufficient to pay for all Project costs. The Developer shall

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

3.04 Change Orders. Any Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be delivered by the Developer to the City concurrently with the progress reports described in Section 3.07 hereof; provided that any Change Orders that would authorize or cause any of the following to occur must be submitted by the Developer to DPD for DPD's prior written approval: (a) a reduction in the total leasable square footage of the Project or (b) the change of the proposed use of the Project to a use other than a retail shopping center or (c) a delay in the completion of the Project. The Developer shall not authorize or permit the performance of any work relating to any Change Order requiring DPD's prior written approval or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of Incremental Taxes or bond proceeds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer.

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

3.06 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Scope Drawings and Plans and Specifications) and, to the extent required, proof of the General Contractor's and each subcontractor's bonding.

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04). The Developer shall provide three (3) copies of an updated

Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Property.

3.08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DPD shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project. The inspecting architect may be the same inspecting architect engaged by the lender providing any portion of the Lender Financing for the Project, provided that the cost of such inspecting architect's providing certifications to DPD shall be borne by the Developer.

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

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

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

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

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$19,274,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded

from the following sources:

Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	\$1,924,000
Lender Financing	17,350,000

ESTIMATED TOTAL **\$19,274,000**

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 reimburse the Developer for costs of TIF-Funded Improvements only that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be reimbursed from City Funds for each line item therein, contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(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 reimburse the Developer for the costs of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Incremental Taxes and/or TIF Bond Proceeds	\$3,700,000

provided, however, that the total amount of City Funds to be used to reimburse the Developer for TIF-Funded Improvements shall be an amount not to exceed the lesser of Three Million Seven Hundred Thousand Dollars (\$3,700,000) or nineteen and two-tenths percent (19.2%) of the actual total Project costs, with such lesser amount to be further reduced by the City Fee and provided further, that the City Funds to be derived from Incremental Taxes and/or TIF Bond proceeds, if any, shall be available to pay costs related to TIF-Funded Improvements and allocated by the City for that purpose only so long as:

(1) In the case of reimbursements of the Developer from Incremental Taxes:

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

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City Fee
\$60,000

(ii) The City has been reimbursed from Incremental Taxes for any amount previously disbursed by the City (other than from Incremental Taxes) for TIF-Funded Improvements; and

(iii) No default exists under the terms of any note or other documents evidencing or securing the CD Float Loan; and

(iv) Subject to the provisions of Section 8.06 hereof, the Jewel Lease and the Marshalls Lease have been fully executed and remain in full force and effect and the tenants under both such leases continue to operate at the Facility for the purposes described therein.

(2) In the case of disbursements of the proceeds of any TIF Bonds and to the payments made pursuant to such bonds after their issuance:

(i) The City has been reimbursed from Incremental Taxes for any amount previously disbursed by the City (other than from Incremental Taxes) for TIF-Funded Improvements; and

(ii) The City agrees to issue TIF Bonds pursuant to, and subject to the conditions set forth in, Section 4.03(c);

(iii) No default exists under the terms of any note or other documents evidencing or securing the CD Float Loan; and

(iv) Subject to the provisions of Section 8.06 hereof, the Jewel Lease and the Marshalls Lease have been fully executed and remain in full force and effect and the tenants under both such leases continue to operate at the Facility for the purposes described therein.

The Developer acknowledges and agrees that the City's obligation to reimburse the Developer for the cost of TIF-Funded Improvements from Incremental Taxes is contingent upon the fulfillment of the conditions set forth in part (1) above and that the City's obligation to pay for TIF-Funded Improvements from the proceeds of any TIF Bonds is contingent upon the fulfillment of the conditions set forth in part (2) above. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately.

(c) TIF Bonds. The Commissioner of DPD and the Comptroller agree that, upon the request of the Developer, such officials will recommend that the City Council approve an ordinance or ordinances authorizing the issuance of TIF Bonds in an amount which, in the

opinion of the Comptroller, is marketable under the then current market conditions and with respect to which current annual incremental taxes generated in the Redevelopment Area, as evidenced by the most recently ascertainable amount of annual incremental taxes, and projected annual incremental taxes to be generated in the Redevelopment Area for the term of the TIF Bonds, as estimated by the Comptroller, equals or exceeds one hundred twenty-five percent (125%) of the estimated annual debt service on the TIF Bonds assuming an interest rate on the TIF Bonds equal to the then current market rate (as determined by the Comptroller) for bonds of a similar type and size and with similar terms; provided, however, that if, in the opinion of the Comptroller, there is an insufficient market for such TIF Bonds or if the issuance of such TIF Bonds would adversely affect the City's general obligation bond rating or in any other way adversely affect City finances, such officials will not be required to recommend approval of such ordinance(s). Such TIF Bonds shall provide for suspension of payments thereunder as set forth in Section 8.06 hereof.

→ 4.04 Application of TIF Bond Proceeds. In the event that TIF Bonds are issued, the proceeds of the TIF Bonds shall be applied in the following order of priority:

(a) To the costs (not otherwise paid or provided for) of issuing the TIF Bonds, including any reasonable costs related to credit enhancements;

(b) To the payment to the City of the City Fee;

(c) To reimburse the Developer for the amount of Redevelopment Project Costs paid and not otherwise reimbursed;

(d) To reimburse the City for the amount of any Project costs previously paid or incurred by the City; and

(e) Any balance shall be applied in accordance with the Bond Ordinance.

If no TIF Bonds are issued, the City shall reimburse the Developer for TIF-Funded Improvements upon the delivery to the City of a Requisition Form in substantially the form of Exhibit M attached hereto (the "Requisition Form") itemizing the Project costs for which reimbursement is sought, together with the documentation described therein. The City shall not be obligated to reimburse the Developer for any Project costs unless and until the CD Float Loan is paid in full or if an Event of Default, or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. DPD shall retain the right to approve or reject, in its sole discretion, the designation of any cost as (i) a TIF-Funded improvement or (ii) a part of the actual total Project costs. Requisitions for reimbursement of TIF-Funded Improvements shall be made not more

than one time per year (or as otherwise permitted by DPD). On each December 1 (or such other date as may be acceptable to the parties), beginning in 1997 and continuing throughout the Term of the Agreement, the Developer shall meet with DPD to discuss the Requisition Form for the previous calendar year (or portion thereof). The Developer shall deliver the Requisition Form to DPD on or before October 1 of each calendar year (or such other date acceptable to the parties).

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

(b) Purchase of Property. The purchase price of the Property shall be paid from Equity or reimbursed to the Developer from Lender Financing on the Closing Date directly rather than through the Escrow.

(c) City Fee. The 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 is not an obligation of the Developer and shall be disbursed from City Funds to DPD prior to the disbursement of any City Funds to reimburse the Developer for TIF Funded Improvements.

City Fee
\$60,000

(d) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$50,000 or \$250,000 in the aggregate, may be made without the prior written consent of DPD.

(e) Allocation of Costs With Respect To Sources of Funds.

(i) Disbursement of Equity. Each amount paid pursuant to this Agreement, whether for TIF-Funded Improvements or otherwise, shall be charged first to Equity.

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(ii) Disbursement of Lender Financing. After there is no Equity remaining, each amount paid pursuant to this Agreement, whether for TIF-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 this Agreement shall be charged to City Funds, to be used to reimburse the Developer for its previous payment for (out of Equity or Lender Financing) TIF-Funded Improvements; provided that costs of TIF-Funded Improvements that are to be paid from City Funds derived from (1) Incremental Taxes on deposit from time to time in the Irving/Cicero Redevelopment Project Area TIF Fund, and/or (2) proceeds of TIF Bonds, if any, shall be payable by the City only to the extent that such funds are available.

4.06 Cost Overruns. If the aggregate cost of the TIF-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 TIF-Funded Improvements in excess of City Funds.

SECTION 5. CONDITIONS PRECEDENT

The following conditions shall be complied with to the 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 DPD, and DPD shall have approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings and Plans and Specifications. The Developer shall have submitted to DPD, and DPD 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, the 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 DPD.

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this

Agreement. If a portion of such funds consists of Lender Financing, the Developer shall have furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with the Equity set forth in Section 4.01) to complete the Project.

5.05 Acquisition and Title. On the Closing Date, the Developer shall furnish the City with a copy of the Title Policy for the Property, certified by the Title Company showing the Developer as the named insured. The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit G hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.0 with parking), contiguity, location, access and survey. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

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

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

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

5.07 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.

5.08 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 DPD.

5.09 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 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 Exhibit I hereto, such opinions shall be obtained by the Developer from its general corporate counsel.

5.10 Evidence of Prior Expenditures. Not less than twenty (20) business days prior to the Closing Date, the Developer shall have provided evidence satisfactory to DPD in its reasonable discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.11 Financial Statements. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided to DPD detailed balance sheets and such other financial information as may be required by DPD for each of its members for the most recent fiscal year. Such financial information shall be in form and content acceptable to DPD.

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

5.13 Environmental. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided DPD 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.

5.14 Corporate Documents. The Developer shall provide a copy of its Articles or Certificate of Organization containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such other organizational documentation as the City may request.

7.01 Certificate of Completion of Construction. Upon completion of the construction of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD 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. DPD shall respond to the Developer's written request for a Certificate within thirty (30) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

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

Those covenants specifically described at Sections 8.02, 8.06 and 8.19 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.03 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of this Agreement, then the City 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 TIF-Funded Improvements that are public improvements and to pay for the costs of TIF-Funded Improvements (including interest costs) out of

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City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer, 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 TIF Bonds.

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

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

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

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

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

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

(d) unless otherwise permitted 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 non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

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

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

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

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

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

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer'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 DPD, allow the existence of any liens against the Property other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's

receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the TIF 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 covenants set forth in this Section shall run with the land and be binding upon any transferee.

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 reimburse the Developer for its payment for the TIF-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 additional bonds, including, without limitation, TIF Bonds, in connection with the Project, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the TIF-Funded Improvements (the "Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Job Creation and Retention; Covenant to Remain in the City; Job Creation by Tenants. Not less than one hundred (100) full-time equivalent, permanent jobs shall be retained by the Developer at the Project within 36 months of the completion thereof; and Developer shall use its best efforts to create or cause the creation of not less than one hundred (100) additional full-time equivalent, permanent jobs, for a total of two hundred (200) full-time equivalent, permanent jobs to be retained or created by the Developer at the Facilities or elsewhere within the City of Chicago through June, 2019. The best efforts of the Developer shall include its best efforts to cause the tenants occupying the Project or any part thereof to create and retain jobs at sufficient levels to permit the Developer to meet its obligations under this Section 8.06. The Developer hereby covenants and agrees to maintain its operations within the City of Chicago through June, 2019 as long as economically feasible; provided that if at any time less than seventy percent (70%) of the

leasable square footage in the Facility is occupied, the Developer shall have one year from the date such vacancy level occurs to locate tenants who will occupy the Facility such that the occupancy level of the Facility shall exceed seventy percent (70%); provided, further, that only those tenants who are occupying the Facility pursuant to a lease which provides for a minimum lease term of one year shall be considered in calculating whether the occupancy threshold is met. In the event that the occupancy level of the Facility remains below seventy percent (70%) for over one year, then the City may suspend payments under any TIF Bonds and reimbursement of Incremental Taxes to the Developer hereunder beginning at the end of such one year period and until such time as the occupancy level of the Facility exceeds seventy percent (70%). No interest shall accrue under the TIF Bonds during any such time that payments thereunder are suspended pursuant to this Section 8.06. The Developer hereby agrees that the types of uses permitted in the Facility shall be of a retail and/or commercial nature found in first class shopping centers of a similar size in the City and that, without the prior written consent of DPD, the Facility shall not be used for any of the uses set forth on Exhibit N hereto. The covenants set forth in this Section 8.06 shall run with the land and be binding upon any transferee of the Developer.

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 DPD, from time to time, statements of its employment profile upon DPD'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 DPD 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 TIF-Funded Improvement. The Developer shall provide information with respect to any entity

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to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

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

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

8.13 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the Developer's fiscal year ended December 31, 1996 and each fiscal year thereafter for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

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

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

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

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

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

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

8.18 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed 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 Exhibit L hereto, will be and remain ineffective and unenforceable for the term of this Agreement and shall not be deemed as incorporated into this Agreement, unless and until the City, at its sole option, shall receive an opinion from nationally recognized bond counsel that the incorporation of such covenants herein will not adversely affect the tax-exempt status of any Bonds, including TIF Bonds, that may be issued by the City. Upon receipt of such opinion, the City may render such covenants and provisions effective and enforceable in their entirety or selectively. In the event that the City exercises its option to make any covenant(s) in Exhibit L effective and enforceable, it shall so notify the Developer in accordance with Section 17 hereof. Such notice (the "Conditional Provisions Notice") shall be in recordable form.

8.20 Compliance with Agreements. Developer will comply with all contracts, licenses, permits and agreements relating to the Project, including, without limitation, the Jewel Lease and the Marshalls Lease. Developer shall immediately notify the City in writing of the occurrence of any default under any such contract, license, permit or agreement.

8.21 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.

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

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors,

subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the Developer, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

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

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

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

(d) Each Employer, in order to demonstrate compliance with

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

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

(f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

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

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

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

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

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner

of DPD in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

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

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

Good faith efforts on the part of the Developer, the General Contractor and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the 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 has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. Notwithstanding the foregoing, the provisions of this paragraph relating to liability of the Developer for liquidated damages shall be ineffective at the sole option of the City if the City receives an opinion from nationally recognized bond counsel that the effectiveness of those provisions will adversely affect the tax-exempt status of any Bonds (including TIF

Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "Available Project Funds" as used herein shall mean: (i) the undisbursed Lender Financing, if any; (ii) the undisbursed Equity and (iii) any other amounts deposited by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the 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 Bond Ordinance, if any, TIF Bond Ordinance, if any, the Bonds, if any, the TIF Bonds, if any, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. (a) Except as set forth in Section 6.01(f) below, prior to entering into an agreement with a General Contractor or any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with, and having an office located in, the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. (i) For the TIF-Funded Improvements, the Developer shall select the General Contractor (or shall cause the General Contractor to select the subcontractor) submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer selects a General Contractor (or the General Contractor selects any subcontractor) submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. (ii) For Project work other than the TIF-Funded Improvements, if the Developer selects a General Contractor (or the General Contractor selects any subcontractor) who has not submitted the lowest responsible bid, the difference between the lowest responsible bid and the higher bid selected shall be subtracted from the actual total Project costs for purposes of the calculation of the amount of City Funds to be contributed to the Project pursuant to Section 4.03(b) hereof. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General

Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

(b) If, prior to entering into an agreement with a General Contractor for construction of the Project, the Developer does not solicit bids pursuant to Section 6.01(a) hereof, then the fee of the General Contractor proposed to be paid out of City Funds shall be limited to 6% of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit bids from all subcontractors.

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

6.03 Performance and Payment Bonds. Prior to commencement of any work for the Project relating to construction in the public way, the Developer shall require that the General Contractor be bonded for its performance and payment 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 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION

Bonds) that may be issued by the City. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Purchasing Agent's determination as to whether the Developer must surrender damages as provided in this paragraph.

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

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

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

a. Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the total Project Budget (less the acquisition price of the Property or any portion thereof, if any) shall be expended for contract participation by MBEs or WBEs:

- i. At least 25 percent by MBEs.
- ii. At least 5 percent by WBEs.

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

c. Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer), or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on

the Project by the MBE or WBE), by the Developer utilizing a WBE as a General Contractor (but only to the extent of work performed on the Project by the General Contractor subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or purchase of materials used in the Project from one or more WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.03. The Developer or the General 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 MBEs or WBEs in its activities and operations other than the Project.

d. The Developer shall deliver quarterly reports to DPD during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DPD in determining the Developer's compliance with this MBE/WBE commitment. DPD shall have access to the Developer's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with Section 14 of this Agreement, on five (5) business days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

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

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

g. Prior to the commencement of the Project, the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to DPD

its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

SECTION 11. ENVIRONMENTAL MATTERS

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

SECTION 12. INSURANCE

The Developer shall procure and maintain, or cause to be

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procured and maintained, at its sole cost and expense, at all times throughout the Term of this Agreement (or during the construction period as specified at (b) below) 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, 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 \$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.

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 DPD 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 Certificate of Coverage Form (blank form to be obtained from DPD).

The receipt of the required certificates by DPD does not constitute an agreement by the City that the insurance

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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 herein.

(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 TIF-Funded Improvements or any other Project improvement, or (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the 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.

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

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

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

SECTION 15. DEFAULT AND REMEDIES

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

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

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

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

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

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United

States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

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

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

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

(i) the dissolution or termination of the Developer or the deaths of both of Richard H. Tucker and Ken Tucker, the natural persons who own the entire interest in the Developer, or the transfer by either of the aforesaid individual members to any person not currently a member of the Developer of any interest in the Developer;

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

(k) the occurrence of a default under the terms of any loan agreement between the City and the Developer relating to the CD Float Loan or under any note executed by the Developer in favor of the City to evidence the CD Float Loan; or

(l) the occurrence of a default under the terms of the Marshalls Lease or the Jewel Lease which is not cured within any applicable notice and/or cure period.

For purposes of Sections 15.01(i) and 15.01(j) hereof, a

person with a material interest in the Developer shall be any member of the Developer.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and, subject to the provisions of Section 8.06 hereof, may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

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 fifteen (15) 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 of such default until the same has been cured.

SECTION 16. MORTGAGING OF THE PROJECT

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

- (a) In the event that a Mortgagee or any other party shall

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

In the event that any Mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, in the exercise of its sole discretion, agree 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.

(b) Non-acceptance of Assignment. In the event that the proceeds of TIF Bonds issued pursuant to Section 4.03(c) are used to pay or reimburse the Developer for TIF Funded Improvements and any Mortgagee or other party succeeding to the Developer's interest in the Property or portion thereof does not expressly accept an assignment of the Developer's interest hereunder, such party shall be bound only by those provisions of this Agreement which are covenants expressly running with the land (being those covenants described at Sections 8.02, 8.06 and 8.19 hereof).

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

SECTION 17. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set

forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified mail, return receipt requested.

If to the City: City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, IL 60602
Attention: Commissioner

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

If to the Developer: Six Corners Development, L.L.C.
c/o Tucker Development Corporation
513 Central Avenue, 5th Floor
Highland Park, Illinois 60035

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

SECTION 18. MISCELLANEOUS

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

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

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

18.04 Further Assurances. The Developer 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 TIF Ordinances and/or the Bond Ordinance, if any, 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 DPD, or any matter is to be to the City's or DPD's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or DPD 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 Certificates, any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Section 8.19 (Survival of Covenants) hereof, for the Term of the Agreement. No assignee or transferee shall have the right to obtain City Funds hereunder without the express prior written consent of the City. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein).

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

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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.

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

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:

SIX CORNERS DEVELOPMENT, LLC, an Illinois limited liability company

By: _____

By:  _____

Its: _____

Its: _____

CITY OF CHICAGO

By:  _____
Commissioner, Department
of Planning and Development

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Donna M. Stanke, a notary public in and for the said County in the State aforesaid, DO HEREBY CERTIFY that Richard A. Tucker and MANAGER and _____ of Six Corners Development, Inc. an Illinois limited liability company (the "Company"), 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 Company, as their free and voluntary act and as the free and voluntary act of the Company, for the uses and purposes therein set forth.

October GIVEN under my hand and official seal this 31st day of _____, 1996.

[Signature]

Notary Public

My Commission Expires 3/20/99

(SEAL)



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Carol A. Shipley, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that J. F. Boyle, Jr., 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.

October GIVEN under my hand and official seal this 5th day of October, 1996.

Carol A. Shipley
Notary Public

My Commission Expires 10/22/97



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Exhibit A

LEGAL DESCRIPTION

A tract of land in the West half of the Southwest quarter of Section 15 and the East half of the Southeast quarter of Section 16 along with the South half of Irving Park Road adjacent to the hereon described parcel, said South half of Irving Park Road falling in the West half of the Northwest quarter of Section 22 and in the East half of the Northeast quarter of Section 21, all in Township 40 North, Range 13 East of the Third Principal Meridian, described as follows: Beginning at the Westerly line of the Chicago, Milwaukee and St. Paul Railroad right-of-way and the South line of Irving Park Road as dedicated; thence West 609 feet along the South line of Irving Park Road to the East line of Lot 12 and said East line extended South in Block 60 in Lombard's Addition to Montrose in said Section 15; thence North 250 feet along last said East line to the North line of said Lot 12; thence West 100 feet along the North line of Lots 11 and 12 in Block 60 to the East line of Kilpatrick Avenue; thence South 250 feet along last said East line of Kilpatrick Avenue to the South line of Irving Park Road; thence West 66 feet along the South line of Irving Park Road to the West line of Kilpatrick Avenue; thence North 400 feet along last said West line to the South line of Culver Avenue; thence West 383 feet to the East line of Cicero Avenue; thence South 400 feet along last said East line to the South line of Irving Park Road; thence West 175 feet along last said South line to a point 100 feet South of the intersection of the Southwesterly line of Milwaukee Avenue and the North line of Irving Park Road; thence North 100 feet on a line normal to Irving Park Road to the last described intersection; thence Northwest 554 feet along the Southwesterly line of Milwaukee Avenue to a bend; thence continuing 343 feet along last said Southwesterly line to the North line of Belle Plaine Avenue; thence East 310 feet along last said North line to the West line of Lot 2 extended North of Arthur W. Dickinson's Resubdivision in the Southeast quarter of Section 16; thence South 105 feet along last said West line of last said Lot 2; thence Southeasterly 301 feet along the Southwesterly line of said Lot 2 to the South line of Lot 2; thence East 8 feet along last said South line to the East line of Lot 2; thence North 311 feet along last said East line to the North line of Belle Plaine Avenue; thence East 141 feet along last said North line to the West line of Cicero Avenue; thence North 83 feet along the West line of Cicero Avenue to the North line of Belle Plaine Avenue also being the South line of Block 57 of Pischel's Resubdivision of Block 57 of Lombard's Addition to Montrose; thence East 483 feet along the North line of Belle Plaine Avenue, also being the South line of Block 57, to the West line of Kilpatrick Avenue; thence North 150 feet along last said West line to the North line of Lot 7, 10 to 14 inclusive and extended West of Block 56 of Lombard's Addition to Montrose; thence East 422 feet along last said North line to the West right-of-way line of the Chicago, Milwaukee and St. Paul Railroad; thence Southeasterly along last said right-of-way a distance of 1046 feet to the place of beginning, all in the City of Chicago, Cook County, Illinois.

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EXHIBIT B

LEGAL DESCRIPTION OF THE PREMISES

Parcel 1:

Lots 2, 4 and 5 in Marketplace at Six Corners Subdivision, being a resubdivision of part of Lombard's Addition to Montrose, a subdivision of part of the Southwest Quarter of Section 15, Township 40 North, Range 13 East of the Third Principal Meridian, and lying west of the Chicago, Milwaukee & St. Paul Railroad, according to the Plat of Subdivision recorded November 1, 1996 as Document No. 96835577, in Cook County, Illinois.

Parcel 2:

Easement for ingress, egress, parking and utilities over the real estate described below as created by the Operation and Easement Agreement dated October 18, 1996 by and between Sears Roebuck and Co. and Six Corners Development L.L.C., recorded November 1, 1996 as Document No. 96835579 in Cook County, Illinois.

Lots 1 and 3 in Marketplace at Six Corners Subdivision, being a resubdivision of part of Lombard's Addition to Montrose, a subdivision of part of the Southwest Quarter of Section 15, Township 40 North, Range 13 East of the Third Principal Meridian, and lying west of the Chicago, Milwaukee & St. Paul Railroad, according to the Plat thereof recorded November 1, 1996 as Document No. 96835577, in Cook County, Illinois.

Permanent Index Nos.

13-15-314-003; 13-15-314-002; 13-15-314-001; 13-15-316-032;
13-15-316-031; 13-15-316-030; 13-15-313-026; 13-15-314-010;
13-15-314-009; 13-15-314-012; 13-15-314-011; 13-15-312-002;
13-15-312-003; 13-15-312-004; 13-15-312-005; 13-15-312-006;
13-15-315-012; 13-15-315-006; 13-15-314-013; 13-15-314-024;
13-15-314-021; 13-15-314-022; 13-15-314-023.

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Exhibit C

TIF FUNDED IMPROVEMENTS

<u>Category</u>	<u>Amount</u>
Land Acquisition	\$ 6,392,000
Demolition	300,000
Environmental Remediation	<u>37,500</u>
Total	\$ 6,729,500

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Exhibit D

CITY OF CHICAGO

IRVING/CICERO REDEVELOPMENT PROJECT AREA

TAX INCREMENT FINANCE PROGRAM

REDEVELOPMENT PLAN AND PROJECT

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

March 21, 1996

**Prepared by
LOUIKSCHNEIDER & ASSOCIATES, INC.**

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**REDEVELOPMENT PLAN AND PROJECT FOR
IRVING/CICERO REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING PROGRAM**

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INTRODUCTION

The Irving/Cicero Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area") is located on the northwest side of the City of Chicago, Illinois approximately ten miles from the City's Central Business District. The Redevelopment Project Area contains approximately 23.88 acres and consists of five (full and partial) city blocks. The Redevelopment Project Area is generally bounded by Irving Park Road on the south, the Chicago, Milwaukee and St. Paul Railroad on the east, Belle Plaine Avenue on the north and Milwaukee Avenue on the west. Exclusions within the general boundary include two parcels at the intersection of Kilpatrick Avenue and Irving Park Road, a multi-story apartment building on Belle Plaine Avenue between Cicero and Milwaukee Avenues and two parcels occupied by Sears, Roebuck and Company on the northeast corner of Irving Park Road and Cicero Avenue. Additionally, five parcels containing a vacant parking lot are located to the north of Belle Plaine Avenue between Kilpatrick Avenue and the railroad right-of-way. The boundaries of the Redevelopment Project Area are shown on Map 1, Project Boundary Map, and the existing land uses are shown on Map 2.

The Redevelopment Project Area is located in a community that is primarily comprised of various commercial uses with residential throughout. Along major arterials, such as Milwaukee and Cicero Avenues and Irving Park Road, uses are predominantly commercial with many of the older buildings standing vacant or partially vacant. Residential pockets are also located in the Redevelopment Project Area and are predominant to the east, west and southwest of the Six Corners area. Access to the Redevelopment Project Area is primarily provided by Cicero Avenue, Milwaukee Avenue and Irving Park Road, with their intersection known commonly as Six Corners. The Kennedy Expressway is also located directly to the east of the neighborhood, with access ramps at Montrose Avenue and Irving Park Road.

The predominant property owner in the Redevelopment Project Area (14 parcels) is Sears, Roebuck & Co. (Sears) which operates a major retail store (not included in the Redevelopment Project Area) and automotive center at the northeast intersection of Irving Park Road and Cicero Avenue. Sears-owned parking lots surround three single family residences, a three and one-half story apartment building, a part one- and part two-story commercial building and an automotive repair facility containing two structures. The balance of the property, located in the Milwaukee, Belle Plaine and Cicero Avenue "triangle", one of the City's foremost neighborhood shopping areas of the past, consists of a multi-story structure (Columbia Bank) and several one- and two-story storefronts. In this portion of the Redevelopment Project Area, over 50% of the storefronts are vacant.

The Redevelopment Project Area is located in the Portage Park Community which was founded in 1841 and originally called the Town of Jefferson. The original Jefferson town hall, built in

1862, occupied a parcel of land on the present day site of the LaSalle Northwest National Bank at the Six Corners intersection. This intersection remains the focal point or "hub" of the neighborhood.

The Six Corners area was an important shopping hub until the early 1980's, with locally-owned and national chain stores providing for the retail needs of the community. Since that time, the retail base has declined, resulting in a loss of businesses and a deterioration of physical conditions. The Gap, Fashion Bug, Woolworths and Herman's Sporting Goods are examples of major retailers which have closed stores in the Six Corners area in the last few years. The existing Sears store, built in the late 1930's, has performed satisfactorily compared with other Chicago area stores of a similar size; however, only 75% of the Sears "site", including the retail store, automotive center and parking, is considered to be necessary by management for day-to-day operations. Economic and demographic trends, such as the expanding importance of the metropolitan expressway system and the development of planned shopping centers in suburban locations, have contributed to this decline.

Due to the high volume of traffic on the Kennedy Expressway and along the main thoroughfares, some newer development in the general area has taken place. However, it has been limited to smaller retail/commercial stores and centers, and occurred mostly in the mid- to late 1980s. Commercial centers of this type include Albany Square, a 12-store, mixed-use neighborhood center located at Montrose and Pulaski; and Dunning Square, a 26-store, mixed-use community center, located at Irving Park Road and Narragansett Avenue; both centers must be accessed from the Redevelopment Project Area by car or rapid transit. Almost all of the remaining shopping needs of the area are served by centers just to the northeast or west of the community boundaries. Over the past decade, there has been no major food chain to establish a local presence in the immediate area; in fact, the closest existing major food/grocery stores are a minimum of one to two miles from Six Corners and the Redevelopment Project Area.

The purpose of the Redevelopment Plan is to create a mechanism to allow for the redevelopment of area with new commercial/retail facilities. Additional major retailing is needed to create a synergy to spur the revitalization of existing retail establishments in the area and encourage economic revitalization within the community.

This Redevelopment Plan is solely the responsibility of Louik/Schneider and Associates, Inc. and does not necessarily reflect the views and opinions of potential developers or the City of Chicago. However, the City of Chicago is entitled to rely on the findings and conclusions of this plan and report in designating the Redevelopment Project Area as a redevelopment project area under the Act.

Tax Increment Allocation Redevelopment Act

An analysis of conditions within this area indicates that it is appropriate for designation as a Redevelopment Project Area, under the State of Illinois tax increment financing legislation. The Redevelopment Project Area is characterized by conditions which warrant its designation as an improved "Conservation Area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (hereafter referred to as the "Act"). The Act is found in 65 ILCS 5/11-74.4-1 et. seq., as amended.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project," to redevelop blighted and conservation areas by pledging the increase in tax revenues generated by public and private redevelopment. This increase in tax revenues is used to pay for up-front costs which are required to stimulate the private investment in new redevelopment and rehabilitation. Municipalities may issue obligations to be repaid from the stream of real property tax increments that occur within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value (EAV) or the Certified EAV Base for all real estate located within the district and the current year EAV. The EAV is the assessed value of the property multiplied by the state multiplier. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

The Irving/Cicero Redevelopment Project Area Tax Increment Finance Redevelopment Plan and Project (the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the Redevelopment Plan and Project.

This Redevelopment Plan also specifically describes the Redevelopment Project Area. This area meets the eligibility requirements of the Act (see Irving/Cicero Area Tax Increment Finance Program - Eligibility Study). The Redevelopment Project Area boundaries are described in Introduction of the Redevelopment Plan and shown in Map 1, Boundary Map.

After approval of the Redevelopment Plan, the City Council will then formally designate the Redevelopment Project Area.

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The purpose of this Redevelopment Plan is to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land-use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that blighting factors are eliminated: and
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to 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.

There has been no major investment in the Redevelopment Project Area for at least the last five years. The adoption of the Redevelopment Plan will make possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area which cannot reasonably be anticipated to be developed without the adoption of this Redevelopment Plan. Public investments will create the appropriate environment to attract the investment required for the rebuilding of the area. But for the investment of seed funds by the City, the proposed developments would not be financially feasible and would not go forward.

Successful implementation of the Redevelopment Plan and Project requires that the City of Chicago take full advantage of the real estate tax increments attributed to the Redevelopment Project Area as provided in accordance with the Act.

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REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Redevelopment Project Area is located on the northwest side of the City of Chicago, Illinois, approximately ten miles from the City's Central Business District. The Redevelopment Project Area contains approximately 23.88 acres. The Redevelopment Project Area is generally bounded by Irving Park Road on the south, the Chicago, Milwaukee and St. Paul Railroad on the east, Belle Plaine Avenue on the north and Milwaukee Avenue on the west. Exclusions within the general boundary include two parcels at the intersection of Kilpatrick Avenue and Irving Park Road, a multi-story apartment building on Belle Plaine Avenue between Cicero and Milwaukee Avenues and two parcels occupied by Sears, Roebuck and Company on the northeast corner of Irving Park Road and Cicero Avenue. Additionally, five parcels containing a vacant parking lot are located to the north of Belle Plaine Avenue between Kilpatrick Avenue and the railroad right-of-way. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map; the current land uses are shown on Map 2, Existing Land Uses. The Redevelopment Project Area includes only those contiguous parcels of real property that are expected to be substantially benefited by the Redevelopment Plan.

The legal description of the Redevelopment Project Area is attached to this plan as Exhibit A.

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REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

General Goals:

- Improve the quality of life in Chicago by improving the economic vitality of the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area.
- Revitalize the Redevelopment Project Area to enhance its importance as a commercial/retail center contributing to the improved vitality 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 in the area.
- Create a suitable location for commerce/retail centers and accompanying job opportunities that will bring new dollars into the community from surrounding locations.
- Achieve desirable changes of land use, through a coordinated public/private effort.

Redevelopment Objectives:

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Conservation Area.
- Enhance the tax base of the City of Chicago and of the other taxing districts which extend into the Redevelopment Project Area by encouraging private investment in new commercial/retail development.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, real estate values and job opportunities.
- Provide needed incentives to encourage a broad range of improvements for both new development and rehabilitation efforts for existing buildings.

- Provide for the vacation of unnecessary streets and alleys.
- Encourage the participation of minorities and women in the development of the Redevelopment Project Area.

Development and Design Objectives:

- Establish a pattern of land use activities arranged in compact, compatible groupings to increase efficiency of operation and economic relationships.
- Encourage coordinated development of parcels and structures in order to achieve attractive and efficient building design, unified off-street parking, trucking and service facilities, and appropriate access to nearby arterial streets and highways.
- Achieve development which is integrated both functionally and aesthetically with nearby existing development.
- Ensure a safe and adequate circulation pattern, adequate ingress and egress and capacity in the Redevelopment Project Area.
- Provide proper and adequate screening and buffering to adjacent residential areas.
- Encourage a high-quality appearance of buildings, rights-of-way and open spaces, and encourage high standards of design.
- Encourage development of usable commercial/retail space of all sizes and adequate parking for customers and employees.

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CONSERVATION AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Based upon surveys, site inspections, research and analysis by Louik/Schneider & Associates, Inc., the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. A separate report, entitled "City of Chicago Irving/Cicero Area Tax Increment Financing Program Eligibility Study" and dated March 21, 1996, describes in detail the surveys and analyses undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. The majority (96%) of the Redevelopment Project Area is characterized by the presence of structures more than 35 years of age and the presence of seven factors listed in the Act for a Conservation Area. Summarized below are the findings of the Eligibility Report.

Summary of Factors

In addition to the age requirement, **seven criteria** are present in varying degrees throughout the Redevelopment Project Area. The **seven factors** have been identified as follows:

Major extent

- deterioration
- excessive vacancies
- depreciation of physical maintenance
- excessive land coverage

Minor extent

- obsolescence
- deleterious land-use or layout
- lack of community planning

The conclusions of each of the seven factors are summarized below.

1. **Obsolescence**

Obsolescence, both functional and economic, is present in the 23 parcels located in the Milwaukee, Belle Plaine and Cicero "triangle" and in 6 of the 13 parking/ vacant lots (parcels). Within the Redevelopment Project Area, many parcels are of inappropriate size or shape for redevelopment, off-street parking is inadequate and existing vacant parking lots serve no apparent function.

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2. **Deterioration**

Deterioration is present in structures with physical deficiencies or site improvements requiring major treatment or repair. This factor is present to a major extent and is found in 24 of the 28 buildings (86%) and in 10 of the 13 parcels (77%) used for parking lots.

3. **Excessive Vacancies**

Excessive vacancy was found to be present in the Redevelopment Project Area. Excessive vacancies, including completely and partially vacant structures, are present in 17 of the 28 buildings and in 6 of the 13 parcels used for parking.

4. **Excessive Land Coverage**

Excessive land coverage, manifested by the over-intensive use of property and the crowding of buildings and accessory facilities onto a site, is present in the Redevelopment Project Area. This factor is exhibited in 23 parcels of the 46 parcels and in 19 of the 28 buildings.

5. **Deleterious Land-Use or Layout**

Deleterious land-use or layout, including incompatible land-use relationships, inappropriate mixed uses, improper platting of land and inadequate parcel size and/or shape, is present in the Redevelopment Project Area. This factor is identified in 7 parcels with 7 buildings/structures and one vacant lot.

6. **Depreciation of Physical Maintenance**

Depreciation of physical maintenance, manifested by substantial deferred maintenance and lack of maintenance of buildings, parking areas and streets, is present in 46 of the 46 parcels and 28 of 28 buildings in the Redevelopment Project Area.

7. **Lack of Community Planning**

Lack of community planning is present in the Redevelopment Project Area in the 7 parcels surrounded by Sears-owned commercial property.

CONCLUSION

The conclusion of the consultant team engaged to conduct the study is that the number, degree and distribution of factors as documented in this report warrant the designation of all of the Redevelopment Project Area as a Conservation Area within the definition set forth in the Act.

Specifically:

- The building and improvements meet the statutory criterion that requires 50 percent or more of the structures to be 35 years of age or older.
- Of the 14 factors for a Conservation Area set forth in the law, seven are present in the Redevelopment Project Area and only three are necessary for designation as a Conservation Area.
- The conservation area factors which are present are reasonably distributed throughout the Redevelopment Project Area.
- All areas within the Redevelopment Project Area show the presence of conservation area factors.

All parcels in the Redevelopment Project Area evidence the presence of some eligibility factors. The eligibility findings indicate that, without revitalization, the Redevelopment Project Area may become blighted and that designation as a redevelopment project area will contribute to the long-term well being of the City.

All factors indicate that the area on the whole has not been subject to growth and development through investments by private enterprise, and will not be developed without action by the City. In 1995, no permits for building improvements were filed for any property within the Redevelopment Project Area, and only a very limited investment of \$500 was made in 1994 in one retail storefront. Over the last three years, the Redevelopment Project Area has only experienced an overall equalized assessed value (EAV) increase of 8.5%, an average of 2.85% per year. Additionally, 61% of the 46 parcels in the Redevelopment Project Area either stayed the same or decreased in terms of equalized assessed valuation for the period from 1993 to 1994. Only four (4) of the 46 parcels showed increases of 13% or more in EAV for that same period; in fact, if these four parcels were not included, the EAV in the Redevelopment Project Area would only have increased by 1.0% from 1993 to 1994 which is well below the City's 5.0% rate of increase for this period.

The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the condition and use of the Redevelopment Project Area;

2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land use to current zoning ordinance and the current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;
6. Review of previously prepared plans, studies and data; and
7. Analysis of the level of equalized assessed values (EAV) and building permits filed with the City of Chicago from 1993 to the present time in the Redevelopment Project Area.

Based upon the findings of the Eligibility Study for the Irving/Cicero Study Area, the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan. But for the seed funds provided by the City, the proposed developments would not be financially feasible and would not go forward.

IRVING/CICERO REDEVELOPMENT PLAN AND PROJECT

A. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking some or all of the following actions:

1. **Assemblage of Sites.** To achieve the renewal of the Redevelopment Project Area, property identified in Map 4, Redevelopment Plan, attached hereto and made a part hereof, may be acquired by the City of Chicago and cleared of all improvements, if any, and either (a) sold, leased or conveyed for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or facilities. The City may pay for a private developer's cost of acquisition land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land. The City may determine that to meet the renewal objectives of this Redevelopment Plan, other properties in the Redevelopment Project Area not scheduled for acquisition should be acquired or certain property currently listed for acquisition should not be acquired. Acquisition of land for public rights-of-way will also be necessary for the portions of said rights-of-way that the City does not own.

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

2. **Provision of Public Improvements and Facilities.** Adequate public improvements and facilities may be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:

- a. Provision for streets and public rights-of-ways;
 - b. Provision of utilities necessary to serve the redevelopment;
 - c. Public landscaping;
 - d. Public landscape/buffer improvements, street lighting and general beautification improvements in connection with public improvements;
 - e. Provision for public parking; and
 - f. Provision for traffic signals.
3. **Provision for Soil and Site Improvements.** Funds may be made available for improvements to properties for the purpose of making land suitable for development. These improvements may include, but are not limited to:
- a. Environmental remediation necessary for redevelopment of the Redevelopment Project Area.
 - b. Site Preparation
 - c. Demolition
4. **Analysis, Administration, Studies, Legal, et al.** Funds may be provided for activities including the long-term management of the Redevelopment Project and Plan as well as the costs of establishing the program and designing its components. 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.
5. **Interest Subsidies.** Funds may be provided to developers or user for a portion of interest costs incurred in the construction of a redevelopment project. 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 the Act;
 - b. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (6) 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 paid pursuant to the Act may not exceed 30 percent of the total of (i) costs paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act.
6. **Rehabilitation Costs.** The costs for rehabilitation, reconstruction or repair or remodeling of existing public or private buildings or fixtures.
- a. **Provision for Facade Improvements.** Funds may be made available to privately held properties for the purpose of improving the facades of such privately held properties.
7. **Provision for Relocation Costs.** Funds may be made available for the relocation expenses of public facilities and for private property owners and tenants of properties relocated or acquired by the City for redevelopment purposes.
8. **Financing Costs.** 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

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project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto.

9. **Redevelopment Agreements.** The City may enter into Redevelopment Agreements with private developers which may include, but not be limited to, terms of sale, lease or conveyance of land, requirements for site improvements, public improvements, job training and interest subsidies. In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements.

B. REDEVELOPMENT PLAN

The Redevelopment Plan proposes the redevelopment of the Irving/Cicero Area to stimulate or stabilize not only the Redevelopment Project Area, but also the properties within the surrounding area. The Redevelopment Plan includes two components, Phase I and Phase II, that will assist in creating the needed synergy for redevelopment of the area and reversing the recent effects of the neighborhood's decline.

Phase I of the proposed Plan includes the development of approximately 120,000 square feet of new retail space that takes advantage of the Redevelopment Project Area's transportation access and location. This proposed retail space will include a needed grocery store to serve the Area. A 16 acre site, to be assembled from privately-owned land to the northeast and the east of the Sears store and automotive center, will require that existing rights-of-way be vacated to allow for the logical development of the neighborhood. This development will improve local traffic patterns and provide for a minimum of 860 parking spaces for the convenience of consumers visiting the retail development. Pedestrian circulation walkways will also be constructed to allow for access by neighborhood patrons who will not require automotive transportation to shop at the site.

At the completion of Phase I, the proposed retail space and the existing 350,000 square foot Sears complex will be integrated into a logically-developed 560,000 square foot shopping nexus, or "Marketplace", easily accessed by residential foot traffic, mass transit, local streets and the

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expressway system. Additionally, 200 permanent full-time jobs are expected to be created directly within the new retail space.

Commensurate with and spurred by the completion of the Phase I development, retail rejuvenation is expected to occur in the neighborhood, creating a Phase II. Existing storefronts and commercial space in the Milwaukee, Belle Plaine and Cicero "triangle", both occupied and vacant, may be renovated and leased as traffic and shopping patterns in the area increase. A facade improvement program is one optional tool to encourage higher use of existing space.

The proposed Redevelopment Project Area will require planning and programming of improvements. The redevelopment agreements will generally provide for the City to provide funding for activities permitted by the Act. The funds for these improvements will come directly from the incremental increase in tax revenues generated from the entire Redevelopment Project Area or the City's issuance of bonds to be repaid from the incremental increase in tax revenues to be generated from the entire Redevelopment Project Area. A developer or user will undertake the responsibility for the required site improvements, a portion of which may be paid for from the issuance of bonds, and will further be required to build any agreed to ancillary improvements required for the project.

C. GENERAL LAND-USE PLAN

This Redevelopment Plan and the proposed projects described herein will be approved by the Chicago Plan Commission prior to the adoption of the Plan.

The Land-Use Plan, Map 3, identifies proposed land-uses and public rights-of-way to be in effect upon adoption of this Redevelopment Plan. The major land-use category for the Redevelopment Project Area will be commercial and retail uses which are permitted as a matter of right under existing zoning. The location of major street rights-of-way may be subject to change and modification.

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D. ESTIMATED REDEVELOPMENT PROJECT COSTS

Redevelopment Project costs mean 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 public or private buildings and fixtures;
4. Costs of the construction of public works or improvements;
5. Costs of job training and retraining projects;
6. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the

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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;
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 the Act;

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- b. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 - d. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total of (i) costs paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act.
12. Unless explicitly stated in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

The estimated Redevelopment Project costs are shown in Table 1. To the extent that municipal obligations have been issued to pay for such Redevelopment Project costs incurred prior to, but in anticipation of, the adoption of tax increment financing, the City shall be reimbursed for such Redevelopment Project 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, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, without amendment of this Redevelopment Plan.

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TABLE 1

ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvements

Land Acquisition	\$ 1,500,000
Site Preparation/Environmental Remediation/Demolition	\$ 3,000,000
Rehabilitation	\$ 1,500,000
Public Improvements	\$ 2,000,000
Interest Subsidies	\$ 200,000
Relocation Costs	\$ 100,000
Planning, Legal, Professional	\$ 200,000
 TOTAL REDEVELOPMENT PROJECT COSTS*	 \$ 8,500,000

*Exclusive of capitalized interest, issuance costs and other financing costs

E. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS

Funds necessary to pay for Redevelopment Project costs are to be derived principally from tax increment revenues and proceeds of municipal obligations which are secured principally by tax increment revenues and/or tax increment revenues from adjacent Tax Increment Financing Districts should the redevelopment plans of such adjacent Tax Increment Financing Districts so provide. There may be other sources of funds which the City may elect to use to pay for Redevelopment Project costs or obligations issued, the proceeds of which will be used to pay for such costs, including but not limited to state and federal grants and land disposition proceeds generated from the district.

The primary revenue which may be used to secure municipal obligations or pay for eligible Redevelopment Project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value

of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Without the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be anticipated to be developed. All incremental revenues utilized by the City of Chicago will be utilized exclusively for the development of the Redevelopment Project Area.

Issuance of Obligations

To finance Redevelopment Project costs a municipality may issue general obligation bonds or obligations secured by the anticipated tax increment revenue generated within the Redevelopment Project Area or the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers to secure such obligations. In addition, a municipality may pledge toward 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 Area; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within 23 years (by the year 2019) from the adoption of the ordinance approving the Redevelopment Project Area. Also, the final maturity date of any such obligations which are issued may not be later than 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 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 (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

Tax increment 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, shall 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

The total 1994 equalized assessed valuation for the entire Redevelopment Project Area is \$8,150,631. After verification by the County Clerk of Cook County, this amount will serve as the "Initial Equalized Assessed Valuation."

Anticipated Equalized Assessed Valuation

By the year 1999 when it is estimated that Phase I of the commercial development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at between \$14,000,000 and \$17,000,000. By the year 2005, when it is estimated that all of the Phase II commercial development will be completed and fully assessed, the equalized assessed valuation of real property within the Redevelopment Project Area is estimated to be between \$22,000,000 and \$27,000,000. These estimates are based on several key assumptions, including: 1) Phase I commercial redevelopment will be completed in 1999 and Phase II commercial development will be completed by 2005; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Plan; 3) the most recent State Multiplier of 2.1135 as applied to 1994 assessed values will remain unchanged; and 4) for the duration of the project, the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1994 level.

F. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in the Conservation Area Conditions Section of this Redevelopment Plan, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. The Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. The lack of private investment is evidenced by continued existence of the factors referenced above and the lack of new development projects initiated or completed within the Redevelopment Project Area. A

summary of building permit requests to the City of Chicago from 1993 to 1995 demonstrates that very little investment took place in the Redevelopment Project Area during that time. For 1995, no permits were filed for any parcel within the Redevelopment Project Area; in 1994, only one \$500 installation permit was filed for a store-front (retail) parcel located on Milwaukee Avenue.

The lack of growth and investment by the private sector is supported by the trend in the equalized assessed valuation, or "EAV", of all the property in the Redevelopment Project Area. Over the last three years, the Redevelopment Project Area has only experienced an overall equalized assessed value (EAV) increase of 8.5%, an average of 2.85% per year. Additionally, 61% of the 46 parcels in the Redevelopment Project Area either stayed the same or decreased in terms of equalized assessed valuation for the period from 1993 to 1994. Only four (4) of the 46 parcels showed increases of 13% or more in EAV for that same period; in fact, if these four parcels were not included, the EAV in the Redevelopment Project Area would only have increased by 1.0% from 1993 to 1994 which is well below the City's 5.0% rate of increase for this period.

It is clear from the study of this area that private investment in revitalization and redevelopment has not occurred to overcome the Conservation Area conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Redevelopment Plan.

G. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this Redevelopment Plan, and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped by private enterprise. There is a real prospect that the Conservation Area conditions will continue and are likely to spread, and the surrounding area will have more vacancies and become less attractive for the maintenance and improvement of existing buildings and sites. The possibility of the erosion of the assessed value of property which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment could lead to a reduction of real estate tax revenue to all taxing districts.

Sections A, B, & C of this Redevelopment Plan describe the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private

investment can occur. The Redevelopment Project will be staged with various developments taking place over a period of years. If the Redevelopment Project is successful, it will alleviate the Conservation Area conditions, which caused the Redevelopment Project Area to qualify as a Conservation Area under the Act, creating new jobs and promoting development in the Redevelopment Project Area.

The Redevelopment Project is expected to have short and long term financial impacts on the taxing districts affected by the Redevelopment Plan. During the period when tax increment financing is utilized, real estate tax increment revenues (from the increases in Equal Assessed Valuation [EAV] over and above the certified initial EAV established at the time of adoption of this Plan and Project) will be used to pay eligible redevelopment project costs for the Tax Increment Financing District. Incremental revenues will not be available to these taxing districts during this period. At the end of the time period when tax increment financing is utilized, the real estate tax revenues will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

H. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area: City of Chicago; Chicago Board of Education; Chicago School Finance Authority; Chicago Park District; Chicago Community College District; Metropolitan Water Reclamation District of Greater Chicago; County of Cook; and Cook County Forest Preserve District.

The proposed Redevelopment Plan involves the acquisition of vacant and underutilized land, and new construction and redevelopment of commercial/retail buildings. Therefore, the financial burden of the Redevelopment Project on taxing districts is expected to be negligible.

Non-residential development, such as retail, commercial and industrial uses, should not cause increased demand for services or capital improvements on any of the taxing districts named above except for the Metropolitan Water Reclamation District. Replacement of vacant and underutilized land with active and more intensive uses will result in additional demands on services and facilities provided by the Metropolitan Water Reclamation District. However, it is expected that any increase in demand for treatment of sanitary and storm sewage associated

with the Redevelopment Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Additionally, any additional cost to the City of Chicago for police, fire protection and sanitation services will be minimal since the commercial/retail and industrial developments will privately pay for the majority of the costs of these services (i.e., sanitation services).

I. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described in detail in prior sections of this report, the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty at this time and the demand for services provided by those taxing districts cannot be quantified.

As indicated in Section D, Estimated Redevelopment Project Costs of the Redevelopment Plan and Project, the City may provide public improvements and facilities to service the Redevelopment Project Area. It is likely that any potential improvements may mitigate some of the additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Plan.

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PROVISION FOR AMENDING ACTION PLAN

The Redevelopment Project Area Tax Increment Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

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AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the Redevelopment Project Area.

- A. The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Plan, 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. Every developer will meet City of Chicago standards for participation of Minority Business Enterprises and Woman Business Enterprises as required in Redevelopment Agreements.
- C. This commitment to affirmative action and non-discrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

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PHASING AND SCHEDULING OF REDEVELOPMENT

A phased implementation strategy will be utilized to achieve a timely and orderly redevelopment of the Redevelopment Project Area. The implementation of Phase I will begin with the demolition of identified improvements within the Project Area with construction to follow as soon thereafter as is practical. Phase II will begin as individual property owners identify opportunities for expansion and new tenants attracted by the Phase I development. 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. The estimated date for completion of the Redevelopment Plan shall be no later than 23 years from the adoption of the ordinance of the City Council of the City approving the Redevelopment Project Area.

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any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Project up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this 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. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions.

(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.

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(iii) Developer's failure to pay or discharge lien. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise DPD thereof in writing, at which time DPD may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DPD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DPD deems advisable. All sums so paid by DPD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DPD by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(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 that is necessary to support the debt service indicated ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference for the years noted on Exhibit K; (B) Exhibit K sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (C) the real estate taxes anticipated to be generated and derived from the respective portions of the Property and the Project for the years shown are fairly and accurately indicated in Exhibit K.

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

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

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of

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EXHIBIT L

CONDITIONAL PROVISIONS

Real Estate Provisions.

(a) Governmental Charges. (i) Payment of Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. 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 subsection (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 DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(1) the Developer shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or remove a lien against, or the sale or forfeiture of, all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings; and/or

(2) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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SIX CORNERS MARKETPLACE

2017-2018

EXHIBIT K

YEAR	MINIMUM ASS. VALUE	ESTIMATE MULTIPLIE	MINIMUM EAV	BASE EAV	INCREMENTAL EAV	ESTIMATED TAX RATE	INCREMENTAL TAX REVENUE
1996	\$4,046,350	2.1243	\$8,595,660	\$8,150,631	\$445,029	9.345%	\$0
1997	\$6,359,742	2.1243	\$13,510,000	\$8,150,631	\$5,359,369	9.345%	\$41,588
1998	\$6,473,189	2.1243	\$13,750,995	\$8,150,631	\$5,600,364	9.345%	\$500,832
1999	\$6,589,472	2.1243	\$13,998,015	\$8,150,631	\$5,847,384	9.345%	\$523,353
2000	\$6,708,661	2.1243	\$14,251,209	\$8,150,631	\$6,100,578	9.345%	\$546,437
2001	\$6,830,828	2.1243	\$14,510,727	\$8,150,631	\$6,360,096	9.345%	\$570,098
2002	\$6,956,052	2.1243	\$14,776,741	\$8,150,631	\$6,626,110	9.345%	\$594,350
2003	\$7,084,404	2.1243	\$15,049,400	\$8,150,631	\$6,898,769	9.345%	\$619,209
2004	\$7,350,816	2.1243	\$15,615,339	\$8,150,631	\$7,464,708	9.345%	\$644,689
2005	\$7,489,042	2.1243	\$15,908,972	\$8,150,631	\$7,758,341	9.345%	\$697,576
2006	\$7,630,719	2.1243	\$16,209,935	\$8,150,631	\$8,059,304	9.345%	\$725,016
2007	\$7,775,941	2.1243	\$16,518,432	\$8,150,631	\$8,367,801	9.345%	\$753,141
2008	\$7,924,791	2.1243	\$16,834,633	\$8,150,631	\$8,684,002	9.345%	\$781,970
2009	\$8,077,363	2.1243	\$17,158,742	\$8,150,631	\$9,008,111	9.345%	\$811,519
2010	\$8,233,749	2.1243	\$17,490,952	\$8,150,631	\$9,340,321	9.345%	\$841,807
2011	\$8,394,048	2.1243	\$17,831,476	\$8,150,631	\$9,680,845	9.345%	\$872,852
2012	\$8,558,347	2.1243	\$18,180,497	\$8,150,631	\$10,029,866	9.345%	\$904,674
2013	\$8,676,385	2.1243	\$18,431,244	\$8,150,631	\$10,280,613	9.345%	\$937,290
2014	\$8,797,373	2.1243	\$18,688,259	\$8,150,631	\$10,537,628	9.345%	\$960,722
2015	\$8,921,385	2.1243	\$18,951,699	\$8,150,631	\$10,801,068	9.345%	\$984,740
2016	\$9,048,499	2.1243	\$19,221,726	\$8,150,631	\$11,071,095	9.345%	\$1,009,359
2017	\$9,178,790	2.1243	\$19,498,503	\$8,150,631	\$11,347,872	9.345%	\$1,034,593

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LEGAL DESCRIPTION

A tract of land in the West half of the Southwest quarter of Section 15 and the East half of the Southeast quarter of Section 16 along with the South half of Irving Park Road adjacent to the hereon described parcel, said South half of Irving Park Road falling in the West half of the Northwest quarter of Section 22 and in the East half of the Northeast quarter of Section 21, all in Township 40 North, Range 13 East of the Third Principal Meridian, described as follows: Beginning at the Westerly line of the Chicago, Milwaukee and St. Paul Railroad right-of-way and the South line of Irving Park Road as dedicated; thence West 609 feet along the South line of Irving Park Road to the East line of Lot 12 and said East line extended South in Block 60 in Lombard's Addition to Montrose in said Section 15; thence North 250 feet along last said East line to the North line of said Lot 12; thence West 100 feet along the North line of Lots 11 and 12 in Block 60 to the East line of Kilpatrick Avenue; thence South 250 feet along last said East line of Kilpatrick Avenue to the South line of Irving Park Road; thence West 66 feet along the South line of Irving Park Road to the West line of Kilpatrick Avenue; thence North 400 feet along last said West line to the South line of Culver Avenue; thence West 38.3 feet to the East line of Cicero Avenue; thence South 400 feet along last said East line to the South line of Irving Park Road; thence West 175 feet along last said South line to a point 100 feet South of the intersection of the Southwesterly line of Milwaukee Avenue and the North line of Irving Park Road; thence North 100 feet on a line normal to Irving Park Road to the last described intersection; thence Northwest 554 feet along the Southwesterly line of Milwaukee Avenue to a bend; thence continuing 343 feet along last said Southwesterly line to the North line of Belle Plaine Avenue; thence East 310 feet along last said North line to the West line of Lot 2 extended North of Arthur W. Dickinson's Resubdivision in the Southeast quarter of Section 16; thence South 105 feet along last said West line of last said Lot 2; thence Southeasterly 301 feet along the Southwesterly line of said Lot 2 to the South line of Lot 2; thence East 8 feet along last said South line to the East line of Lot 2; thence North 311 feet along last said East line to the North line of Belle Plaine Avenue; thence East 141 feet along last said North line to the West line of Cicero Avenue; thence North 83 feet along the West line of Cicero Avenue to the North line of Belle Plaine Avenue also being the South line of Block 57 of Pischel's Resubdivision of Block 57 of Lombard's Addition to Montrose; thence East 483 feet along the North line of Belle Plaine Avenue, also being the South line of Block 57, to the West line of Kilpatrick Avenue; thence North 150 feet along last said West line to the North line of Lot 7, 10 to 14 inclusive and extended West of Block 56 of Lombard's Addition to Montrose; thence East 422 feet along last said North line to the West right-of-way line of the Chicago, Milwaukee and St. Paul Railroad; thence Southeasterly along last said right-of-way a distance of 1046 feet to the place of beginning, all in the City of Chicago, Cook County, Illinois.

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TABLE 2
1994 EQUALIZED ASSESSED VALUATION

Perm Index #	EAV
13-15-312-002	\$ 23,001
13-15-312-003	\$ 23,001
13-15-312-004	\$ 23,001
13-15-312-005	\$ 23,001
13-15-312-006	\$ 81,573
13-15-313-026	\$2,059,927
13-15-314-001	\$ 198,927
13-15-314-002	\$ 12,286
13-15-314-003	\$ 46,660
13-15-314-009	\$ 14,854
13-15-314-010	\$ 23,682
13-15-314-011	\$ 22,813
13-15-314-012	\$ 28,061
13-15-314-013	\$ 75,010
13-15-314-021	\$ 22,179
13-15-314-022	\$ 13,209
13-15-314-023	\$ 19,850
13-15-314-024	\$ 271,952
13-15-316-030	\$ 346,024
13-15-316-031	\$ 92,812
13-15-316-032	\$ 255,833
13-16-431-001	\$ 274,753
13-16-431-002	\$ 71,140
13-16-431-003	\$ 90,147
13-16-431-004	\$ 244,509
13-16-431-005	\$ 147,869
13-16-431-006	\$ 327,593
13-16-431-007	\$ 205,551
13-16-431-008	\$ 234,049
13-16-431-009	\$ 201,516
13-16-431-010	\$ 115,319
13-16-431-011	\$1,225,754
13-16-431-013	\$ 94,535
13-16-431-014	\$ 105,208
13-16-431-018	\$ 104,906
13-16-431-019	\$ 104,906
13-16-431-021	\$ 1,209
13-16-431-022	\$ 170,462

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City of Chicago
Irving/Cicero - Redevelopment Plan

13-16-431-026	\$ 57,622
13-16-431-027	\$ 892
13-16-431-028	\$ 199,929
13-16-431-029	\$ 134,083
13-16-431-030	\$ 47,528
13-16-431-031	\$ 76,312
13-16-431-032	\$ 166,937
13-16-431-033	\$ 70,246
TOTAL	\$ 8,150,631

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TABLE 1

ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvements

Land Acquisition	\$ 1,500,000
Site Preparation/Environmental Remediation/Demolition	\$ 3,000,000
Rehabilitation	\$ 1,500,000
Public Improvements	\$ 2,000,000
Interest Subsidies	\$ 200,000
Relocation Costs	\$ 100,000
Planning, Legal, Professional	\$ 200,000

**TOTAL REDEVELOPMENT
PROJECT COSTS*** **\$ 8,500,000**

*Exclusive of capitalized interest, issuance costs and other financing costs

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10. [The real estate is located in Business Planned Development No. ____ (affects Parcel 1 and Parcel 2)]
11. Memorandum of lease to Jewel Food Stores, Inc. recorded 11/1/96 as Document No. ____ in Cook County, Illinois (affects Parcel 1).
12. Memorandum of lease to Marshalls of Roseville, MN, Inc. recorded 11/1/96 as Document No. ____ in Cook County, Illinois (affects Parcel 1).
13. [This property is located in TIF District (affects Parcel 1 and Parcel 2)].
14. Rights of possession of (i) Sylvester Electric to the retail store located at 4055 N. Kilpatrick pursuant (Affects Parcel 2), (ii) the tenants in the apartment building at 4653-57 West Belle Plaine pursuant to the rent roll attached hereto (Affects Parcel 1), (ii) Stainslaw Biedron to the auto body shop located at the real of 4639-41 West Belle Plaine (Affects Parcel 2) and th building at 4645 West Belle Plaine (Affects Parcel 1), and (iv) Nick Grandy to the building located at 4641 West Belle Plaine (Affects Parcel 1)
15. Mortgage dated October * 1996 and recorded October * 1996 as Document Number made by Six Corners Development L.L.C. an Illinois limited liability company, to The Northern Trust Company, to secure an indebtedness of \$17,683,000.00.
16. Terms, provisions, conditions, and limitations of a redevelopment agreement between the City of Chicago and Six Corners Development L.L.C. an Illinois limited liability company, dated * and recorded * as Document Number * .
17. Assignment of Rents dated October * 1996 and recorded October * 1996 as Document Number * made by Six Corners Development L.L.C. an Illinois limited liability company, to The Northern Trust Company.
18. Security Agreement (Redevelopment Agreement) dated October * 1996 and recorded October * 1996 as Document Number * made by Six Corners Development L.L.C., and Illinois limited liability company, to The Northern Trust Company.
19. UCC Financing statement dated October * 1996 and recorded October * 1996 as Document Number * made by Six Corners Development L.L.C., an Illinois limited liability company to The Northern Trust Company.

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Exhibit G

Permitted title exceptions

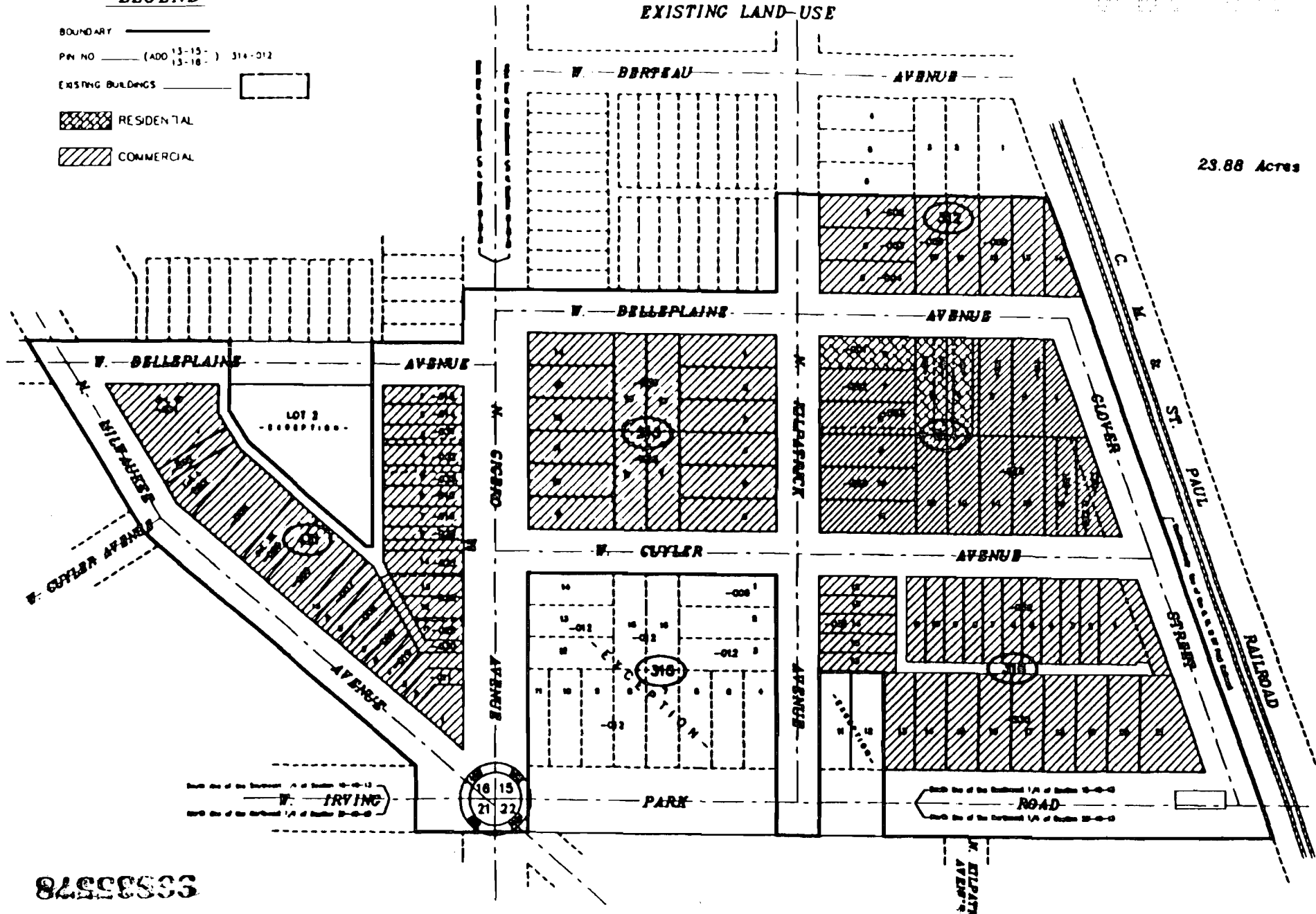
1. Intentionally left blank.
2. 5 foot electric and communications easement to Commonwealth Edison Company, Ameritech and Prime Cable Television along the North and Easterly line of Lot 1 and the Easterly line of lot 5 of Marketplace at Six Corners subdivision as granted in the Plat of Subdivision recorded as Document Number _____ (affects parcel 1 and parcel 2)
3. 20 foot gas main easement of Peoples Gas light and Coke Company running through a portion of Lot 1 of Marketplace at Six Corners subdivision. as granted by instrument recorded as Document Number _____ (affects Parcel 2)
4. 10 foot electric and communications easements to Commonwealth Edison Company, and Ameritech and Prime Cable Television located within Lots 1 and 3 of Marketplace at Six Corners subdivision, as created by the Plat of Reservation of Easement attached to Ordinance NO. 096-1880 recorded as Document Number _____ (affects Parcel 2).
5. 20 foot gas main, electric, and communications easement to Commonwealth Edison Company, Amerteich, Peoples Gas Light and Coke Company and Prime Cable Television located within Lots 1 and 3 of Market at Six corners subdivision, as created by the Plat of Reservation of Easement attached to Ordinance No. 096-1880 recorded as Document Number _____ (affects parcel 2).
6. Easement to Commuter Rail Division of the Regional Transportation Authority over portions of Lots 1 and 3 as created by instrument recorded as Document No. _____ (affects Parcel 2).
7. Easements to Peoples Gas Light and Coke Company in all of vacated West Belle Plaine Avenue and North Clover Street as created by the Plat of Reservation of Easement attached to Ordinance No. 096 (affects Parcel 1 and Parcel 2).
8. The terms and conditions of the Operation and Easement Agreement dated 10/18/96 by and between Sears Roebuck and Co. and Six Corners Development L.L.C., recorded 11/1/96 as Document No. _____ in Cook County, Illinois (affects Parcel 1 and Parcel 2).
9. Terms, provisions, conditions and restrictions in the Quit Claim Deeds recorded as Documents 12065830 and 18380052; wherein, the Grantee, Sears, Roebuck and Co., its successors and assigns irrevocably consent that the Peoples Gas, Light and Coke Company may locate, build, construct, alter and maintain any building, structure or place for use, or used, for gas reservoir or for the manufacture of gas or for any other purpose pertaining to the manufacture and distribution of gas on premises not now in question and further that said Grantee, Sears, Roebuck & Co., its successors and assigns shall whenever and as often as requested in writing by the Peoples Gas, Light and Coke Company, or its successors and assigns to obtain such permit(s) as may be required by the ordinances of the City of Chicago or by any other governmental body or agency to so locate, build, construct, alter or maintain any such building, structure or place of any or all of said uses or purposes. (affects Parcel 2 and Lot 5 of Parcel 1)

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LEGEND

- BOUNDARY _____
- PN NO (ADD 13-15) 314-012
(13-16)
- EXISTING BUILDINGS 
-  RESIDENTIAL
-  COMMERCIAL

**REDEVELOPMENT PLAN
MAP 2
EXISTING LAND-USE**

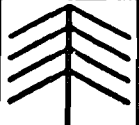
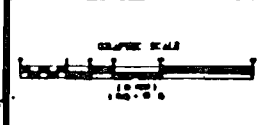


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**LOUIK/SCHNEIDER
& ASSOCIATES, INC.**



PREPARED BY
Joseph A. Schudi & Associates
1830 S. HARLEM AVENUE PLAINFIELD, IL 60443
PHONE 708-726-1000 FAX 708-726-1000
LAW OFFICES



**IRVING/CICERO TAX INCREMENTAL
FINANCING DISTRICT**
CITY OF CHICAGO
March 22, 1998

MAPS

- Map 1 Redevelopment Project Boundary
- Map 2 Existing Land-Use
- Map 3 Proposed Land-Use
- Map 4 Property Which May Be Acquired