

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

WATERSAVER FAUCET CO. REDEVELOPMENT AGREEMENT

This WaterSaver Faucet Co. Redevelopment Agreement (this "**Agreement**") is made as of this 8th day of November, 2012, by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Housing and Economic Development ("**HED**"), and WaterSaver Faucet Co., an Illinois corporation (the "**Developer**").

RECITALS

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

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

C. City Council Authority. To induce redevelopment pursuant to the Act, the City Council of the City (the "**City Council**") adopted the following ordinances on January 10, 2001: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the River West Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the River West Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the River West Redevelopment Project Area" (the "**TIF Adoption Ordinance**") (items(1)-(3) collectively referred to herein as the "**TIF Ordinances**"). The redevelopment project area referred to above (the "**Redevelopment Area**") is legally described in **Exhibit A** hereto.

D. The Project: The Developer owns certain property located within the Redevelopment Area at 701 West Erie Street, Chicago, Illinois 60654 and legally described on **Exhibit B** hereto (the “**Property**”), and, within the time frames set forth in **Section 3.01** hereof, shall commence and complete the rehabilitation of an approximately 79,200 square foot manufacturing facility and an expansion of the facility by an additional 45,000 square feet (the “**Facility**”). The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on **Exhibit C**) 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. Major components of the Project include:

1. Removing a portion of the east-west and north-south retaining walls on the west side of the Property’s parking lot and replacing them with a new angled retaining wall to support the neighboring Union Pacific Railroad right-of-way.
2. Constructing a three-story, 45,000 square foot addition on the existing parking lot with loading docks on the first floor and new support space on the second and third floors.
3. Totally renovating the 79,200 sq. ft. existing facility to modernize the building systems, improve workflow and add production space. The renovation will include installing a new roof and exterior cladding, and installing new mechanical, fire protection, plumbing and electrical systems. Following completion of this work, Developer will continue to update production capabilities by adding additional CNC machines, expanding chrome plating system and installing an automated powder coating system.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago River West Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan and Project (the “**Redevelopment Plan**”) attached hereto as **Exhibit D**.

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

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

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

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

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

“Available Incremental Taxes” shall mean an amount equal to 90% of the Incremental Taxes deposited in the River West Redevelopment Project Area TIF Fund attributable to the taxes levied on the Property.

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

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

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

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

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

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

“Corporation Counsel” shall mean the City’s Office of Corporation Counsel.

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

“Environmental Laws” shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called **“Superfund”** or

“**Superlien**” law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

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

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

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

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

“**Full-Time Equivalent Employee**” or “**FTE**” shall mean an employee of the Developer or an Affiliate, (or, with respect to job shares or similar work arrangements, two such employees counted collectively as a single FTE) who is employed in a permanent position at least 35 hours per week at the Facility during the applicable month, excluding (a) persons engaged as or employed by independent contractors, third party service providers or consultants and (b) persons employed or engaged by the Developer, an Affiliate or by third parties in positions ancillary to the Developer’s operations at the Building including, without limitation, food service workers, security guards, cleaning personnel, or similar positions.

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

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

“**Incremental Taxes**” shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into the River West Area TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

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

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

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

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

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

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

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

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

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

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

"Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

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

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

"Requisition Form" shall mean the document, in the form attached hereto as **Exhibit L**, to be delivered by the Developer to HED pursuant to **Section 4.04** of this Agreement.

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

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

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

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

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

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

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

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

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

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

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

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of **Section 18.17** hereof: (i) commence construction no later than December 31, 2010; and (ii) complete construction and conduct business operations therein no later than September 30, 2012.

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

3.03 Project Budget. The Developer has furnished to HED, and HED has approved, a Project Budget showing total costs for the Project in an amount not less than Twenty-Six Million Two Hundred Twenty-Seven Thousand Seven Hundred Eighty-Five and 00/100 Dollars (\$26,227,785). The Developer hereby certifies to the City that (a) the Equity described in **Section 4.02** hereof, shall be sufficient to complete the Project and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to HED certified copies of any Change Orders with respect to the Project Budget for approval pursuant to **Section 3.04** hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to HED concurrently with the progress reports described in **Section 3.07** hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to HED for HED's prior written approval: (a) a reduction in the square footage of the Facility by more than 5%; (b) a change in the use of the Property to a use other than a manufacturing facility; or (c) a delay in the completion of the Project of more than ninety (90) days; or Change Orders collectively costing more than 10% of the Project Budget. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of HED's written approval (to the extent required in this section). The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this **Section 3.04**, HED shall be notified in writing of all Change Orders regardless of the cost prior to the implementation thereof and the Developer, in connection with such notice, shall identify to HED the source of funding therefor.

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

3.06 Other Approvals. Any HED 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 HED's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports and Survey Updates. The Developer shall provide HED 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 HED's written approval pursuant to **Section 3.04**). The Developer shall provide three (3) copies of an updated Survey to HED upon the request of HED, reflecting improvements made to the Property.

3.08 [Intentionally Deleted].

3.09 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. HED 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 \$26,227,785, 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>)	\$26,227,785
ESTIMATED TOTAL	\$26,227,785

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

4.03 City Funds.

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

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

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Available Incremental Taxes	\$5,200,000

provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed the lesser of Five Million Two Hundred Thousand and 00/100 Dollars (\$5,200,000) or 19.83% of the actual total Project costs, and provided, however, that if the actual total project costs (exclusive of Developer fees) upon completion of the Project are less than the estimated total Project costs itemized in the Project Budget at Exhibit H-1 then the total amount

of City Funds will be reduced by \$.50 for every \$1.00 the actual Project costs is below the Project Budget; and provided further, that the \$5,200,000 to be derived from Available Incremental Taxes shall be available to pay costs related to TIF-Funded Improvements and allocated by the City for that purpose only so long as:

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

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

The Developer acknowledges and agrees that the City's obligation to pay for TIF-Funded Improvements up to a maximum of \$5,200,000 is contingent upon the fulfillment of the conditions set forth in parts (i) and (ii) above. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer pursuant to **Section 4.01** hereof shall increase proportionately.

4.04 Requisition Form. Each October 1 beginning in the year following the issuance of the Certificate and continuing throughout the earlier of (i) December 31, 2025 or (ii) the date that the Developer has been reimbursed in full under this Agreement, the Developer shall provide HED with a Requisition Form, along with the documentation described therein. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than one time per calendar year (or as otherwise permitted by HED). Beginning in the year following the issuance of the Certificate and continuing throughout the Term of the Agreement, the Developer shall meet with HED at the request of HED to discuss the Requisition Form(s) previously delivered. Payment of the City funds shall occur on or before the April 1 following receipt of the Requisition Form; provided however that no payment shall occur after December 31, 2025.

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

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

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to **Section 4.03** hereof, or if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold

the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions of Disbursement. Prior to each disbursement of City Fund hereunder, the Developer shall submit documentation regarding the applicable expenditures to HED, which shall be satisfactory to HED in its reasonable discretion. Delivery by the Developer to HED of any request for disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

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

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

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

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

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

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

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the TIF Ordinances and this Agreement.

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

SECTION 5. CONDITIONS PRECEDENT

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

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

5.02 Scope Drawings and Plans and Specifications. The Developer has submitted to HED, and HED has approved, the Scope Drawings and Plans and Specifications accordance with the provisions of **Section 3.02** hereof.

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

5.04 Financing. The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity in the amounts set forth in **Section 4.01** hereof to complete the Project and satisfy its obligations under this Agreement. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Title. On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on **Exhibit G** hereto and evidences the recording of this Agreement pursuant to the provisions of **Section 8.18** hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer has provided to HED, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to HED's satisfaction, by the Title Policy and any endorsements thereto.

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

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

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

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

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

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

5.10 Evidence of Prior Expenditures. The Developer has provided evidence satisfactory to HED in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

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

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

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

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

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

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 General Contractor and Subcontractors. The Developer shall submit copies of the Construction Contract to HED 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 HED 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 HED and all requisite permits have been obtained.

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

6.03 [Intentionally Deleted].

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

6.05 Other Provisions. In addition to the requirements of this **Section 6**, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to **Section 3.04** (Change Orders), **Section 8.09** (Prevailing Wage), **Section 10.01(e)** (Employment Opportunity), **Section 10.02** (City Resident Employment Requirement), **Section 10.03** (MBE/WBE Requirements, as applicable), **Section 12** (Insurance) and **Section 14.01** (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to HED within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Construction or Rehabilitation. Upon completion of the rehabilitation of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, HED 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. HED shall respond to the Developer's written request for a Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures. The Certificate will not be issued until the following conditions have been met:

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

(b) verification in writing by the City's Monitoring and Compliance Unit that the developer is

in full and complete compliance with the City's MBE/WBE, City residency and prevailing wage requirements;

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

(d) Developer is operating the facility and has a minimum of 160 FTEs employed at the Facility; and

(e) Developer has complied with the Job Readiness Program requirements included in **Section 8.23** of this Agreement.

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

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

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

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

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available pursuant to **Section 4.01**, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

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

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

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

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

(a) the Developer is an Illinois corporation duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in 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 Incorporation or by-laws as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

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

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

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

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

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

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

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of HED: (1) be a party to any merger, liquidation or consolidation;

(2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) the Developer has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of HED, allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto; and

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

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

8.02 Covenant to Redevelop. Upon HED's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in **Sections 3.02** and **3.03** hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section shall run with the land and be binding upon any transferee, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

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

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

8.05 [Intentionally Deleted]

8.06 Job Creation and Retention; Covenant to Remain in the City. Not less than 160 FTE, permanent jobs shall be retained by the Developer at the Facility upon completion thereof and through the Term of the Agreement. The Developer hereby covenants and agrees to maintain its operations within the City of Chicago at the site described above through the Term of the Agreement. The covenants set forth in this Section shall run with the land and be binding upon any transferee. Notwithstanding the provisions of this Section 8.06, the Commissioner of HED, in his/her sole discretion, may (but is not required to) reduce or modify the above job retention requirements upon presentation by the Developer of evidence of a substantial negative change in their operations that demonstrates their inability to meet such requirements.

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

8.08 Employment Profile. The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to HED, from time to time, statements of its employment profile upon HED'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 HED has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon HED'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 HED Financial Statements for the Developer's fiscal year ended 2010 and each year thereafter for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as HED 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 HED, within thirty (30) days of HED's request, official receipts from the appropriate entity, or other proof satisfactory to HED, evidencing payment of the Non-Governmental Charge in question.

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

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

(ii) at HED's sole option, to furnish a good and sufficient bond or other security satisfactory to HED in such form and amounts as HED 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 HED of any and all events or actions which may materially affect

the Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

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

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

8.19 Real Estate Provisions.

(a) Governmental Charges.

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

(ii) Right to Contest. The Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to HED of the Developer's intent to contest or object to a Governmental Charge and, unless, at HED's sole option,

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

(ii) the Developer shall furnish a good and sufficient bond or other security satisfactory to HED in such form and amounts as HED shall require, or a good and sufficient

undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

(c) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum assessed value of the Property ("Minimum Assessed Value") is shown on **Exhibit K** attached hereto and incorporated herein by reference for the years noted on **Exhibit K**; (B) **Exhibit K** sets forth the specific improvements which will generate the fair market values, assessments, equalized assessed values and taxes shown thereon; and (C) the real estate taxes anticipated to be generated and derived from the respective portions of the Property and the Project for the years shown are fairly and accurately indicated in **Exhibit K**.

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

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

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

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

8.20 [Intentionally Deleted]

8.21 [Intentionally Deleted]

8.22 [Intentionally Deleted]

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

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

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

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

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

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

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

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

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

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

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

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

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

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

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

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

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of HED, 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 HED, affidavits and other supporting documentation will be required of the Developer, the General Contractor and each subcontractor to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

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

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

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

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

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

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

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

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

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

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

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

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

(g) The Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the

Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 10.03, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

SECTION 11. ENVIRONMENTAL MATTERS

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

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following caused by or within the control of the Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

The Developer also agrees to pursue LEED certification at the Gold or Silver level for all work at the Property.

SECTION 12. INSURANCE

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

(a) Prior to execution and delivery of this Agreement

(i) Workers Compensation and Employers Liability

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

(ii) Commercial General Liability (Primary and Umbrella)

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

(iii) All Risk Property

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

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

(i) Workers Compensation and Employers Liability

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

(ii) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability (Primary and Umbrella)

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

(iv) Railroad Protective Liability

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

(v) All Risk /Builders Risk

When Developer undertakes any construction, including improvements, betterments, and/or repairs, the Developer must provide or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the project. The City of Chicago is to be named as an additional insured and loss payee/mortgagee if applicable.

(vi) Professional Liability

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

(vii) Valuable Papers

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

(viii) Contractors Pollution Liability

When any remediation work is performed which may cause a pollution exposure, the Developer must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less than \$1,000,000 per occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. When policies are renewed or replaced, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years. The City of Chicago is to be named as an additional insured.

(c) Post Construction:

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

(d) Other Requirements:

The Developer must furnish the City of Chicago, Department of Planning Services, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date

occurring during the term of this Agreement. The Developer must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from Developer is not a waiver by the City of any requirements for the Developer to obtain and maintain the specified coverages. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work and/or terminate agreement until proper evidence of insurance is provided.

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

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

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

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

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

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

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

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

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

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

SECTION 13. INDEMNIFICATION

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

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

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

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

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

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

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

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

SECTION 15. DEFAULT AND REMEDIES

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

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

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

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

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

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

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

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

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

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

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

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

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity pursue and secure any available remedy, including but not limited to injunctive relief, the specific performance of the agreements contained herein, and/or repayment of some or all of the City Funds that the Developer has received upon the occurrence of a default

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

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on **Exhibit G** hereto and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "**New Mortgage**." Any New Mortgage that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "**Permitted Mortgage**." It is hereby agreed by and between the City and the Developer as follows:

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

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

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

SECTION 17. NOTICE

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

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

With Copies To: City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602

If to the Developer: Steven A. Kersten, President
701 West Erie Street
Chicago, Illinois 60610

With Copies To: Daley & George, Ltd.
Two First National Plaza
20 South Clark Street, Suite 400
Chicago, Illinois 60603-1835

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

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement **Exhibit D** hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this **Section 18.01** shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in **Sections 10.02 and 10.03** hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than [ninety (90)] days.

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

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

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

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

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

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

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

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

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

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances such ordinances shall prevail and control.

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

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

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

18.15 Assignment. The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, which consent shall not be unreasonably denied. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to **Sections 8.19** (Real Estate Provisions) and **8.24** (Survival of Covenants) hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

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

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

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

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

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

**WATERSAVER FAUCET CO.,
an Illinois Corporation**

By: 
Steven A. Kersten

Its: President

CITY OF CHICAGO

By: _____
Andrew J. Mooney

Its: Commissioner, Department
of Housing and Economic Development

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

**WATERSAVER FAUCET CO.,
an Illinois Corporation**

By: _____
Steven A. Kersten

Its: President

CITY OF CHICAGO

By: _____
Andrew J. Mooney

Its: Commissioner, Department
of Housing and Economic Development

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

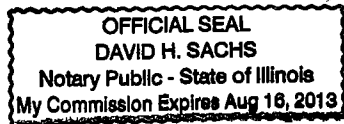
I, David H. Sachs, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Steven A. Kersten, personally known to me to be the President of WaterSaver Faucet Co., an Illinois corporation (the "Developer"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him as President of the Developer, as his free and voluntary act and as the free and voluntary act of the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 8th day of November, 2012.

David H. Sachs
Notary Public

My Commission Expires 8/16/13

(SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

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

GIVEN under my hand and official seal this 8th day of November, 2012.



Patricia Sulewski
Notary Public

My Commission Expires 5/7/14

EXHIBIT A
REDEVELOPMENT AREA
[See attached]

LEGAL DESCRIPTION

1 A TRACT OF LAND COMPRISED OF PARTS OF THE SOUTHEAST QUARTER OF SECTION 5,
2 NORTHEAST QUARTER OF SECTION 8, NORTHWEST QUARTER AND SOUTHWEST QUARTER OF
3 SECTION 9 AND NORTHWEST QUARTER OF SECTION 16, ALL IN TOWNSHIP 39 NORTH, RANGE 14,
4 EAST OF THE THIRD PRINCIPAL MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

5 BEGINNING AT THE INTERSECTION OF THE EAST LINE OF NORTH CANAL STREET WITH SOUTH LINE
6 OF WEST KINZIE STREET IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 9
7 AFORESAID; THENCE SOUTHWARD ALONG THE EAST LINE OF SAID NORTH CANAL STREET TO THE
8 NORTH LINE OF THE SOUTH 275.06 FEET (MEASURED PERPENDICULARLY) OF BLOCK 50 IN
9 ORIGINAL TOWN OF CHICAGO, ACCORDING TO THE PLAT THEREOF RECORDED MAY 29, 1837;
10 THENCE WESTWARD ALONG SAID LINE EXTENDED EAST AND WEST TO THE EAST LINE OF NORTH
11 CLINTON STREET; THENCE SOUTHWARD ALONG SAID EAST LINE OF NORTH CLINTON STREET TO
12 THE SOUTH LINE OF WEST MADISON STREET IN THE EAST HALF OF SAID NORTHWEST QUARTER
13 OF SECTION 16; THENCE WESTWARD ALONG SAID SOUTH LINE OF WEST MADISON STREET TO THE
14 WEST LINE OF SOUTH JEFFERSON STREET; THENCE NORTHWARD ALONG SAID WEST LINE
15 (EXTENDED SOUTH AND NORTH) OF JEFFERSON STREET TO THE NORTH LINE OF WEST
16 WASHINGTON; THENCE EASTWARD ALONG THE NORTH LINE OF SAID WEST WASHINGTON STREET
17 TO THE WEST LINE OF NORTH CLINTON STREET AFORESAID; THENCE NORTHWARD ALONG SAID
18 WEST LINE OF NORTH CLINTON STREET TO THE SOUTH LINE OF WEST RANDOLPH STREET; THENCE
19 WESTWARD ALONG SAID SOUTH LINE OF WEST RANDOLPH STREET TO THE WEST LINE OF 18 FEET
20 WIDE PUBLIC ALLEY, WEST OF NORTH CLINTON STREET; THENCE NORTH ALONG SAID WEST LINE
21 OF PUBLIC ALLEY TO THE SOUTH LINE OF WEST LAKE STREET; THENCE EASTWARD ALONG THE
22 SOUTH LINE OF SAID WEST LAKE STREET TO THE WEST LINE OF NORTH CLINTON STREET
23 AFORESAID; THENCE NORTHWARD ALONG THE WEST LINE OF SAID NORTH CLINTON STREET TO
24 THE SOUTHERLY RIGHT OF WAY LINE OF METRA (FORMERLY C. M. ST. P & P RAILROAD); THENCE
25 WESTWARD ALONG SAID SOUTHERLY RIGHT OF WAY LINE TO THE EAST LINE OF NORTH
26 JEFFERSON STREET AFORESAID; THENCE NORTHWARD ALONG SAID EAST LINE OF NORTH
27 JEFFERSON STREET TO THE NORTH LINE OF WEST CARROLL AVENUE AS VACATED PER DOCUMENT
28 NO. 5507201 AND RECORDED OCTOBER 6, 1914; THENCE WESTWARD ALONG SAID NORTH LINE
29 OF VACATED WEST CARROLL AVENUE TO THE WEST LINE OF THE WEST HALF OF THE SAID
30 SOUTHWEST QUARTER OF SECTION 9, ALSO BEING THE CENTER LINE OF NORTH HALSTED
31 AVENUE, SAID POINT IS BELOW THE JOHN F. KENNEDY EXPRESSWAY; THENCE NORTHWARD
32 ALONG THE CENTER LINE OF SAID NORTH HALSTED AVENUE TO THE NORTH LINE (EXTENDED
33 EAST) OF WEST HUBBARD STREET IN THE EAST HALF OF THE NORTHEAST QUARTER OF SAID
34 SECTION 8; THENCE WESTWARD ALONG SAID NORTH LINE (EXTENDED EAST) TO THE WEST LINE
35 OF NORTH HALSTED AVENUE AFORESAID; THENCE NORTHWARD ALONG THE WEST LINE OF SAID
36 NORTH HALSTED AVENUE ACROSS WEST GRAND AVENUE, WEST OHIO STREET AND CONTINUING
37 ALONG SAID WEST LINE OF NORTH HALSTED AVENUE FOLLOWING THE WIDENING ACCORDING
38 TO DOCUMENT NO. 25274905 RECORDED DECEMBER 10, 1979 TO THE SOUTH LINE OF WEST ERIE
39 STREET, SAID POINT ALSO BEING THE NORTHEAST CORNER OF LOT 1 OF BLOCK 34 IN OGDEN'S
40 ADDITION TO CHICAGO ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 9, 1879 AS
41 DOCUMENT NO. 248024; THENCE WESTWARD ALONG THE SOUTH LINE OF SAID WEST ERIE STREET
42 TO THE WEST LINE (EXTENDED SOUTH) OF LOT 4 OF BLOCK 35 IN OGDEN'S ADDITION TO
43 CHICAGO AFORESAID; THENCE NORTHWARD ALONG THE WEST LINE (EXTENDED SOUTH) OF SAID
44 LOT 4 TO THE NORTHWEST CORNER OF SAID LOT 4; THENCE WESTWARD ALONG THE NORTH
45 LINES OF LOTS 5 AND 6 (EXTENDED WEST) OF SAID OGDEN'S ADDITION TO CHICAGO, TO THE

46 WEST LINE OF NORTH GREEN STREET; THENCE NORTHWARD ALONG THE WEST LINE OF SAID
47 NORTH GREEN STREET TO THE SOUTHERLY RIGHT OF WAY LINE OF C & N.W. RAILROAD
48 COMPANY, SAID POINT BEING 169.396 FEET SOUTH OF NORTHEAST CORNER OF BLOCK 10 IN
49 RIDGELY'S ADDITION TO CHICAGO, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 20,
50 1859 AND RE-RECORDED ON SEPTEMBER 19, 1878 AS DOCUMENT NO. 194914; THENCE WESTWARD
51 ALONG SAID SOUTHERLY RIGHT OF WAY LINE, 36.479 FEET; THENCE NORTHWESTERLY ALONG
52 SOUTHWESTERLY LINE OF SAID C & N. W. RAILROAD COMPANY, 64.86 FEET; THENCE WESTWARD
53 ALONG SOUTH LINE OF SAID C & N. W. RAILROAD COMPANY, 7.61 FEET; THENCE
54 NORTHWESTERLY ALONG SOUTHWESTERLY LINE OF SAID C & N. W. RAILROAD COMPANY, 81.64
55 FEET; THENCE NORTHWARD ALONG WEST LINE OF SAID C. & N. W. RAILROAD COMPANY TO THE
56 CENTER LINE OF WEST HURON STREET; THENCE WESTWARD ALONG SAID CENTER LINE TO THE
57 EAST LINE (EXTENDED NORTH) OF LOT 1 IN BLOCK 11 IN RIDGELY'S ADDITION TO CHICAGO
58 AFORESAID; THENCE SOUTHWARD ALONG SAID EXTENDED LINE TO THE SOUTH LINE OF WEST
59 HURON STREET AFORESAID; THENCE WESTWARD ALONG THE SOUTH LINE OF SAID HURON
60 STREET TO THE EAST LINE (EXTENDED SOUTH) OF LOT 7 OF BLOCK 4 IN SAID RIDGELY'S ADDITION
61 TO CHICAGO; THENCE NORTHWARD ALONG EAST LINE, EXTENDED SOUTH, OF SAID LOT 7 TO
62 THE SOUTH LINE OF WEST SUPERIOR STREET; THENCE WESTWARD ALONG SOUTH LINE OF SAID
63 WEST SUPERIOR STREET TO THE EAST LINE OF NORTH MORGAN STREET; THENCE SOUTHWARD
64 ALONG EAST LINE (EXTENDED SOUTH) OF SAID NORTH MORGAN STREET TO THE SOUTH LINE OF
65 WEST HURON STREET AFORESAID; THENCE WESTWARD ALONG THE SOUTH LINE OF SAID HURON
66 STREET TO THE SOUTHEASTERLY LINE OF NORTH MORGAN STREET; THENCE SOUTHWESTERLY
67 ALONG SAID SOUTHEASTERLY LINE OF NORTH MORGAN STREET TO THE NORTHEASTERLY LINE
68 OF NORTH MILWAUKEE AVENUE; THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE
69 OF SAID NORTH MILWAUKEE AVENUE TO THE WEST LINE OF CARPENTER STREET; THENCE
70 NORTHWARD ALONG THE WEST LINE OF SAID NORTH CARPENTER STREET TO THE SOUTH LINE
71 OF 7 FEET WIDE STRIP OF LAND VACATED PER DOCUMENT NO. 21958575 AND RECORDED ON
72 JUNE 29, 1972; THENCE EASTWARD ALONG SAID VACATED LINE, 7 FEET; THENCE NORTHWARD
73 ALONG THE EAST LINE OF SAID VACATED LINE TO THE SOUTH LINE (AS WIDENED) OF WEST
74 CHICAGO AVENUE, SAID SOUTH LINE OF WEST CHICAGO AVENUE BEING 40 FEET SOUTH OF THE
75 NORTH LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 8 AFORESAID, THENCE
76 WESTWARD ALONG THE SOUTH LINE OF SAID WEST CHICAGO AVENUE TO THE WEST LINE
77 (EXTENDED SOUTH) OF 66 FEET WIDE NORTH CARPENTER STREET AFORESAID; THENCE
78 NORTHWARD ALONG THE WEST LINE (EXTENDED SOUTH) OF SAID NORTH CARPENTER STREET TO
79 THE NORTH LINE OF SAID WEST CHICAGO AVENUE; THENCE EASTWARD ALONG NORTH LINE OF
80 SAID WEST CHICAGO AVENUE TO THE EAST LINE OF NORTH SANGAMON STREET; THENCE
81 NORTHWARD ALONG THE EAST LINE OF SAID NORTH SANGAMON STREET TO THE
82 SOUTHWESTERLY RIGHT OF WAY LINE OF C. & N. W. RAILROAD COMPANY; THENCE
83 SOUTHEASTERLY ALONG SAID SOUTHWESTERLY RIGHT OF WAY LINE OF C. & N. W. RAILROAD
84 COMPANY TO THE WEST LINE OF NORTH LESSING STREET; THENCE SOUTHWARD ALONG SAID
85 WEST LINE OF NORTH LESSING STREET TO THE NORTH LINE OF WEST CHICAGO AVENUE; THENCE
86 EASTWARD ACROSS SAID WEST CHICAGO AVENUE TO THE SOUTHWEST CORNER OF LOT 10 IN J.A.
87 YALE'S RESUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 25, 1873 AS
88 DOCUMENT 94836; THENCE EASTWARD ALONG SOUTH LINE OF LOTS 7, 8, 9 AND 10, SAID LINE
89 ALSO BEING THE NORTH LINE OF WEST CHICAGO AVENUE, TO THE SOUTHEAST CORNER OF SAID
90 LOT 7 IN SAID J.A. YALE'S RESUBDIVISION; THENCE NORTH ALONG EAST LINE OF SAID LOT 7 TO
91 THE NORTHEAST CORNER OF SAID LOT 7, SAID CORNER ALSO BEING ON THE SOUTH LINE OF 16
92 FEET WIDE PUBLIC ALLEY; THENCE WESTWARD ALONG SOUTH LINE (EXTENDED WEST) OF SAID 16
93 FEET WIDE PUBLIC ALLEY TO THE WEST LINE OF NORTH LESSING STREET; THENCE NORTHWARD
94 ALONG THE WEST LINE OF SAID NORTH LESSING STREET TO THE SOUTHWESTERLY RIGHT OF WAY
95 LINE OF C. & N. W. RAILROAD COMPANY (NORTH OF WEST FRY STREET); THENCE SOUTHEASTERLY

96 ALONG SAID SOUTHWESTERLY RIGHT OF WAY LINE OF C. & N. W. RAILROAD COMPANY TO THE
97 NORTH LINE OF WEST CHICAGO AVENUE AFORESAID; THENCE EASTWARD ALONG THE NORTH
98 LINE OF SAID WEST CHICAGO AVENUE, CROSSING NORTH HALSTED STREET TO THE EAST LINE OF
99 NORTH HALSTED STREET; THENCE SOUTHWARD ALONG THE EAST LINE OF NORTH HALSTED
100 STREET TO THE SOUTHWESTERLY LINE OF C. & N. W. RAILROAD COMPANY; THENCE
101 SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF C. & N. W. RAILROAD COMPANY TO THE
102 EAST LINE OF NORTH DES PLAINES STREET; THENCE SOUTHWARD ALONG EAST LINE OF SAID
103 NORTH DES PLAINES STREET TO THE NORTH LINE OF WEST GRAND AVENUE; THENCE EASTWARD
104 ALONG THE NORTH LINE OF SAID WEST GRAND AVENUE TO THE SOUTHWEST CORNER OF LOT
105 15 IN WABANSIA IN SECTION 9 (ANTE FIRE); THENCE SOUTHWARD ACROSS SAID WEST GRAND
106 AVENUE TO A POINT OF INTERSECTION OF SOUTH LINE OF SAID WEST GRAND AVENUE WITH EAST
107 LINE OF NORTH JEFFERSON STREET; THENCE SOUTH ALONG SAID EAST LINE OF NORTH JEFFERSON
108 STREET, 88.89 FEET; THENCE SOUTHEASTERLY ALONG SOUTHWESTERLY LINE OF PROPERTY
109 HAVING PERMANENT INDEX NO. 17-09-112-018 TO A JOG IN SAID SOUTHWESTERLY LINE; THENCE
110 NORTHEASTERLY ALONG SAID JOG LINE, 11.38 FEET; THENCE SOUTHEASTERLY ALONG
111 SOUTHWESTERLY LINE OF SAID PROPERTY TO THE NORTH LINE OF WEST KINZIE STREET; THENCE
112 EASTWARD ALONG NORTH LINE OF SAID WEST KINZIE STREET TO THE SOUTHWESTERLY LINE OF
113 THE NORTH BRANCH OF THE CHICAGO RIVER; THENCE SOUTHWARD TO THE POINT OF
114 BEGINNING, ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

EXHIBIT B
PROPERTY

LEGAL DESCRIPTION

Parcel 1:

A tract of land consisting of and including:

Lots 1 through 5, both inclusive, and Lot 6, except the South 22 feet thereof, in Block 76 of Russell, Mather and Roberts' Addition to Chicago, being a subdivision of that part of the West half of the Northwest Quarter of Section 9, Township 39 North, Range 14, East of the Third Principal Meridian, Lots 5 through 8, both inclusive, and part of Lots 3 and 4 in the subdivision of Lots 9 and 10 in Block 76 of Russell, Mather and Roberts' Addition to Chicago aforesaid, Part of Lots 1, 4 and 5 in the subdivision of Lots 11 and 12 in Block 76 of Russell, Mather and Roberts' Addition to Chicago aforesaid, Part of Lot 13 in Block 76 of Russell, Mather and Roberts' Addition to Chicago aforesaid, Together with part of the South 30 feet of West Erie Street, part of the West 30 feet of North Union Avenue, and those parts of the 18 foot and 20 foot wide alleys within said Block 76 vacated by Ordinance recorded October 1, 2009 as document 0927445004, Said tract being further and more particularly described as follows:

Beginning on the North line of Block 76 aforesaid, 65.91 feet East of the Northwest corner of Lot 1 in the subdivision of Lots 9 and 10 in Block 76 of Russell, Mather and Roberts' Addition to Chicago aforesaid, being also the South line of said West Erie Street; Thence North 00 degrees 00 minutes 00 seconds West, 30.00 feet to a line 30.00 feet North of and parallel with the North line of said Block 76; Thence South 90 degrees 00 minutes 00 seconds East, 380.91 feet to a line 30.00 feet East of and parallel with the East line of said Block 76; Thence South 00 degrees 01 minutes 16 seconds East, along said parallel line, 248.00 feet to the Easterly extension of the North line of the South 22.00 feet of Lot 6 aforesaid; Thence North 90 degrees 00 minutes 00 seconds West, along said parallel line, 246.01 feet to the West line of the North and South 18 foot alley in said Block 76; Thence North 00 degrees 00 minutes 08 seconds East along said West line, 28.00 feet; Thence North 33 degrees 01 minutes 14 seconds West, 119.27 feet to the South line of the East and West 20 foot alley in said Block 76; Thence North 90 degrees 00 minutes 00 seconds West, along said South line, 35.37 feet; Thence North 35 degrees 29 minutes 06 seconds West, 8.03 feet to the Southerly extension of the West line of Lot 5 in the subdivision of Lots 9 and 10 in Block 76 of Russell, Mather and Roberts' Addition to Chicago aforesaid; Thence North 00 degrees 01 minutes 21 seconds East, along said West line and its extension, 28.46 feet; Thence North 28 degrees 35 minutes 35 seconds West, 62.64 feet to the North line of said Block 76 and the point of beginning; In Cook County, Illinois.

Property Address: 701 W. Erie Street, Chicago, Illinois

Parcel 2:

That part of that part of Block 10 (except the South 109 feet thereof) in Assessors Division of Lands in the Northeast ¼ of Section 8, Township 39 North, Range 14, East of the Third Principal Meridian, lying South of a line drawn from a point in the West line of said Block 297.23 feet North of the South line thereof to a point in the East line of said Block, 297.60 feet North of the South line thereof,

together with those parts of Lots 1 (except the South 12 feet thereof occupied by a street known as Ancona Street (formerly Bismark Place or Phillips Street), 2, 3, 4 and 5 of Mauff's Subdivision of the South 109 feet of aforesaid Block 10 and those parts of Lots 5 (except the North 10 feet thereof) 6, 7, 8, 9, 10 and 11 in Block 9 in Ridgely's Addition to Chicago in the Northeast ¼ of aforesaid Section 8; Being those parts which lie Northeasterly and Easterly of the following described line: beginning at a point in the South line of the North 10 feet of aforesaid Lot 5 in Block 9 of Ridgely's Addition Distant 22 feet 9 inches East of the West line of said Block 9 said point being also the Northeasterly corner of the "footing" of a retaining wall, as now located and established, of the Chicago and North Western Railway Company; thence Southeasterly along the "footing" of said retaining wall, and the same extended Southeasterly a distance of 287 feet, 8 inches more or less to a point distance 63 feet 8 inches West measured at right angles from the West line of North Halsted Street and distance 51 feet 4 ¾ inches North, measured parallel with the said West line of North Halsted Street, from the North line of Ancona Street (formerly Bismark Place or Phillips Street), thence South parallel with the said West line of North Halsted Street, a distance of 51 feet 4 ¾ inches to the said North line of Ancona Street, in Cook County, Illinois.

Property address: 656-682 N. Halsted, Chicago Illinois

PIN Numbers:

17-09-101-006-0000
17-09-101-007-0000
17-09-101-008-0000
17-09-101-013-0000
17-09-101-015-0000
17-09-101-017-0000
17-08-223-009-0000
17-08-223-012-0000
17-08-223-013-0000

EXHIBIT C

TIF-FUNDED IMPROVEMENTS

<u>Line Item</u>	<u>Cost</u>
Exterior Renovations	\$2,981,721
Interior Renovations	\$5,249,643
TOTAL	<u>\$8,237,364</u>

Notwithstanding the total of TIF-Funded Improvements, the assistance to be provided by the City is limited to a maximum of \$5,200,000 (subject to further reduction pursuant to Section 4.03).

EXHIBIT D
REDEVELOPMENT PLAN

[See attached]

**RIVER WEST
TAX INCREMENT FINANCING
REDEVELOPMENT PLAN AND PROJECT**

City of Chicago, Illinois

September 20, 2000

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APPENDIX A:

Eligibility Study A-1

APPENDIX B:

Legal Description B-1

APPENDIX C:

1999 Equalized Assessed Value by Tax Parcel C-1

I. INTRODUCTION

This report documents the Tax Increment Redevelopment Plan and Project (the "Redevelopment Plan") for the River West Redevelopment Project Area ("the Project Area"). The Redevelopment Plan has been prepared for the use of the City of Chicago (the "City") by Teska Associates, Inc. The proposed Redevelopment Plan seeks to respond to a number of problems and needs within the Project Area, and is indicative of a strong commitment and desire on the part of the City to maintain and revitalize the Project Area as a viable support area for the downtown central business district area (known as the "Loop"). This document is intended to provide a framework for improvements within the Project Area over the next 23 years. The goal of the Redevelopment Plan is to strengthen the employment, industrial and commercial base of the Project Area, through the maintenance and improvement of existing facilities, and redevelopment of existing obsolete and blighted buildings or vacant land for new and expanded uses.

In 2000, the City retained the planning consulting firm of Teska Associates, Inc. ("TAI") along with project team members Mann, Gin, Dubin and Frasier, Inc. (architects), and Valerie S. Kretchmer Associates, Inc. (real estate analysts), to assist the City in the development of a tax increment financing program for the Project Area. TAI and its project team members performed site evaluation and identified necessary public improvements. The consultant team also documented the presence of age, deterioration of structures and surface improvements, presence of structures below minimum code standards, excessive vacancies, lack of community planning, and lag in growth of Equalized Assessed Value ("EAV"). This evidence enabled TAI to conclude in the Eligibility Study attached hereto as Appendix A (the "Eligibility Study") that the Project Area meets the statutory requirements for a Conservation Area and could be designated as a "redevelopment project area" under the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act").

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

Project Area Description

The Project Area is located approximately 1 mile northwest of the heart of the Loop, in the West Town and Near West Side community areas. The Project Area generally encompasses the properties lying along the west side of the Chicago River between Fry Street on the north and Madison Street on the south, excluding areas occupied by Chicago Tribune facilities and the Kinzie Park development. The Project Area extends west to Carpenter Street in the vicinity of Chicago Avenue, and west to Halsted Street south of Erie Street. South of Carroll Street, the Project Area is generally located between Jefferson and Canal Streets (see Figure A).

In general, the Project Area constitutes a part of the outer ring which surrounds the Loop. The health and vitality of the Loop is indirectly attributable to the strength of the immediate vicinity. For example, businesses may be encouraged to locate and expand in the Loop if the surrounding areas contain adequate business services, transportation, potential residences for employees, entertainment venues, etc. Conversely, if the surroundings are deteriorated or blighted, businesses and developers are less inclined to invest nearby. A lack of services and amenities in close proximity would lessen the attractiveness of the Loop. For this reason, the City desires to maintain and strengthen the areas surrounding the Loop, including the Project Area.

Presently, the Project Area is characterized by deterioration of buildings and infrastructure such as roads and sidewalks, underutilization of land and buildings, and an incompatible mix of uses. In general, the southern portion of the Project Area (south of Carroll Street) is underutilized. Surface parking lots and underutilized buildings could be redeveloped with higher intensity commercial uses that would enjoy easy access to the Loop, public transit, and the Kennedy Expressway.

The northern portion of the Project Area (north of Carroll Street) has historically been one of a select set of manufacturing areas within the City of Chicago, and today includes such large employers as the Chicago Tribune, Blommer's Chocolate Company, Effengue Electrical Supply Co., Water Saver Faucet Company, Pickens-Kane, and others. The availability of rail, river, and expressway access have contributed to the success of the area for industrial users. These users provide tax base and local employment for the City in an established location.

However, numerous factors are weakening the solidity of this area as an industrial district. Modern and expanding manufacturing facilities often require larger sites than can be accommodated in a central city location. Often, environmental contamination inhibits redevelopment of those structures and sites which are available. Perhaps most critically, the areas in and around Chicago's Loop are currently enjoying a residential renaissance as thousands of new and returning residents discover the convenience and vibrancy of living downtown. To satisfy the demand for new housing units, developers have begun rehabilitating old industrial buildings and constructing new residential buildings around the Project Area. The inherent incompatibility between new residents and existing industry and commercial businesses can force these industries and commercial businesses out of the area. The rise in land values and property taxes, the incentive to sell to high-bidding residential developers, and the increase in complaints from neighboring residential developments, all work to push industrial and commercial users out.

The City of Chicago has recognized, however, that it is critical to the overall land use balance, and to the employment and tax base of the City, to protect and enhance the remaining industrial areas already in proximity to the Loop. The maintenance of industrial areas near the Loop and the Near North Side are particularly attractive to high tech businesses, who desire locations close to potential employees. More generally, the City recognizes that industrial and commercial businesses provide employment, support secondary job markets, and serve as an incubator for new technologies and industries. The City's industrial land use policy seeks to provide opportunities for synergy between related industrial activities, to minimize the conflicts between industrial, commercial, and other land uses, and to maximize the benefits of public investment in capital programming and related industrial investment.

To this end, the City established the Chicago/Halsted Planned Manufacturing District (PMD) for those areas immediately along the Chicago River between Fry Street and Kinzie Street, excluding the Kinzie Park development between Grand Avenue and Kinzie Street (see Figure B). This proposed Redevelopment Plan is intended to provide the financial mechanism necessary to implement the goals and objectives of that PMD, along with other tools to encourage the appropriate redevelopment of compatible uses on adjacent sites.

The boundaries of the Project Area have been established to carefully include those properties that will gain a direct and substantial benefit from the proposed redevelopment project improvements and Redevelopment Plan. In the northern portion of the Project Area, the boundaries represent a buffer around the PMD area, and properties within this portion of the Project Area will gain from public improvements that reduce conflicts between incompatible uses. In the southern portion of the Project Area, the boundaries have been designed to include properties suitable for redevelopment for which substantial infrastructure, environmental remediation, and/or rehabilitation costs are anticipated.

The Project Area consists of approximately 124 acres within 36 legal blocks or portions thereof. Three hundred and twenty-three tax parcels are included, of which 218 are improved with buildings and 105 are vacant or contain only parking lots. There are 103 buildings in the Project Area, many of which cover more than one tax parcel. Road and alley rights-of-way constitute 48 acres of the Project Area.

The Project Area is zoned largely for manufacturing and commercial uses (predominantly M2-4, M2-5, and M1-3) in the northern portion, while the southern portion includes commercial zoning (C3-5 and Business Planned Development). There are also certain locations which permit residential use (see Figure C).

Mirroring the zoning of the Project Area, the majority of the current land uses are manufacturing and commercial, with some residential uses (see Figure D and Table 1). Most blocks are characterized by a mix of uses, including combinations of retail, office, light industry, and residential uses. Residential uses occur in multi-family buildings, as well as in apartments above ground floor commercial uses. There are no Chicago Public Schools or Chicago Park District facilities in the Project Area. The Salvation Army operates a Men's Service Center and Thrift Store, which provides shelter and services in proximity to employment in and around the Loop.

Table 1 Existing Land Use by Block

Land Use	Acres	Percent
Industrial	18.7	15.1%
Commercial	9.7	7.8%
Mixed Use (Residential)	1.7	1.4%
Mixed Use (Non-Residential)	3.8	3.1%
Multi-Family Residential	0.9	0.7%
Institutional	1.6	1.3%
Parking	23.6	19.0%
Vacant	2.9	2.3%
Railroad	13.3	10.7%
Other Rights-of-Way	47.9	38.6%
Total	124.1	100.0%

Seven properties in the Project Area have been identified in the Chicago Historical Resources Survey, which is administered by the Landmarks Division of the City Department of Planning and Development (see Table 2). This Redevelopment Plan recognizes the historic importance of these buildings as contributing to the interest and integrity of the Project Area.

Table 2 Historical Resources Survey Properties in the Project Area

Address	Date of Construction	Comments
807 W. Chicago	1910's	
923 W. Chicago	unknown	
936 W. Chicago	1910's	one story former administration building for lumber company
201 N. Clinton	1910's	utility structure (former Northwest Terminal Powerhouse)
515 N. Halsted	1888	multi-story loft
401 N. Milwaukee	1870's	Italianate style mixed use building
509 N. Union	1891	Art Deco style building (occupied by Salvation Army Thrift Store) designed by Furst and Rudolph

Tax Increment Financing

As Section VIII, Findings of Need for Tax Increment Financing, and the Eligibility Study demonstrate, the Project Area has not been subject to growth and development through investment by private enterprise. The Project Area is not reasonably expected to be developed for industrial and commercial purposes consistent with historical use and current City planning objectives without the direct intervention and leadership of the City. The City believes that tax increment financing ("TIF") will be of substantial benefit, by inducing private investment that will arrest and reverse the current weakening of the supportive nature of the Project Area for the Loop.

Tax increment financing is permitted in Illinois under the Act. Only areas which meet certain specifications outlined in the Act are eligible to use this financing mechanism. This document has been prepared in accordance with the provisions of the Act and as a guide for public and private development in the Project Area. In addition to describing the redevelopment objectives, the Redevelopment Plan sets forth the overall program to be undertaken to achieve these objectives.

The Act permits municipalities to use tax increment financing to improve eligible "blighted" or "conservation" areas in accordance with an adopted redevelopment plan over a period not to exceed 23 years. The cost of certain public and private improvements and programs can be paid with the revenues generated by increased equalized assessed values of taxable real estate within a designated redevelopment project area ("incremental property taxes"). The key to this financing tool is that it allows for public and private capital investments that are repaid by the incremental property taxes attributable to those capital investments. Incremental property taxes are taken from the increase in equalized assessed valuation generated within the designated project area during the limited term of the redevelopment project.

The successful implementation of the Redevelopment Plan requires that the City take full advantage of the incremental property taxes generated within the Project Area as provided for by the Act. The Project Area would not reasonably be developed and improved for industrial and commercial uses without the use of such incremental revenues.

The use of TIF to stimulate public and private reinvestment is possible only if authorized by the Act. The ability to use incremental property taxes as a financing source will play a major and decisive role in encouraging private development. In overseeing this Redevelopment Plan, the City will utilize this financing source as a catalyst for assembling the assets and energies of the private sector in a unified, cooperative public-private redevelopment effort. Implementation of the Redevelopment Plan and Redevelopment Project (as defined below) will benefit the City, its residents, and all taxing districts by eliminating conditions that could become blighted conditions, improving economic well-being, and improving the community living, working, and learning environment.

The Redevelopment Plan

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

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

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

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

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

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

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

- A strengthening of the economic vitality of the community, arising from the preservation of a cohesive district which supports the service, business, employment, and other needs of the Loop.
- An increase in construction and long-term employment opportunities for residents of the Project Area and the City.
- The replacement of inappropriate uses, blight, and vacated properties with viable, high-quality developments.
- The elimination of numerous physical impediments within the Project Area, such as roads in poor condition, on a coordinated and timely basis so as to minimize costs and promote comprehensive, area-wide redevelopment.
- The construction of public improvements which may include new road surfaces, utilities, sewers, water lines, sub-grade vaults, sidewalks, street lights, landscaping, etc., intended to make the Project Area more attractive to private investment.
- The provision of job training services to community members which make the Project Area more attractive to investors and employers.
- The creation of opportunities for women and minority businesses to share in the redevelopment of the Project Area.

II. LEGAL DESCRIPTION

The legal description of the Project Area can be found in Appendix B.

III. ELIGIBILITY OF THE PROPOSED TIF DISTRICT

During May and June, 2000, a study was undertaken, consistent with the Act and related procedural guidelines, to determine the eligibility of the proposed redevelopment project area. The results of the study indicate that the Project Area meets the Act's requirements for a "conservation area," and is eligible to be designated by the City Council of the City as a "Tax Increment Financing Redevelopment Project Area." The detailed findings of this study are described in Appendix A of this report.

The Project Area qualifies as a conservation area under the Act because at least 50% of the structures in the Project Area are at least 35 years old, and because of the presence of at least 3 qualifying conditions. Within the Project Area, the following qualifying conditions are present:

1. Deterioration of buildings and site improvements
2. Presence of structures below minimum code standards
3. Excessive vacancies
4. Lack of community planning
5. Lag in growth of EAV

Each of these factors contributes to the eligibility of the Project Area as a conservation area.

IV. REDEVELOPMENT GOALS, OBJECTIVES AND STRATEGIES

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

Goals and Objectives

The overall goals and objectives which are specifically directed to this Redevelopment Plan are:

- Reduction or elimination of those conditions which qualify the Project Area as a conservation area.
- Provision of sound economic development in the Project Area, particularly by strengthening the viability, function, and cohesiveness of industrial and commercial development.
- Employment of residents living in and around the Project Area in jobs within the Project Area.
- Creation of strong public and private partnerships to capitalize upon and coordinate all available resources and assets.
- Improvement of existing utilities, roadways, transit facilities, and infrastructure to enhance the potential for industrial and commercial redevelopment, traffic flow, and accessibility of redevelopment sites.
- Improvement of the quality of life in the City by reducing incidences of physical and economic deterioration, obsolescence, and incompatible land uses within the Project Area.
- Creation of an environment within the Project Area that will contribute to the health, safety, and general welfare of residents of the City, that will maintain or enhance the value of properties in and adjacent to the Project Area, and that will stimulate private investment in new construction, expansion, and rehabilitation.
- Preservation of historic buildings that are feasible for rehabilitation.

Strategies

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

- Encourage maintenance and expansion of sound and viable industrial and commercial uses in appropriate locations.
- Permit residential development only where such development imposes the minimum adverse impact upon the existing industrial and commercial base.
- Rehabilitate and modernize, where appropriate, existing industrial and commercial structures for continued use.
- Assemble and prepare sites into parcels of appropriate shape and sufficient size which are conducive to modern development in accordance with this Redevelopment Plan.

- Upgrade infrastructure throughout the Project Area, including, but not limited to: roads, sidewalks, public utilities, and other public infrastructure.
- Encourage effective buffers (visual screening, noise barriers, etc.) between adjacent non-compatible uses, and screen blank walls and loading areas through the use of landscaping and decorative fencing.
- Enhance Project Area vitality by recruiting new enterprises to fill vacant structures.
- Study existing and future traffic conditions on arterial and local streets; and, improve traffic flow, safety and convenience through traffic roadway and intersection improvements, traffic lighting improvements, transit improvements, traffic calming strategies, viaduct improvements, and circulation improvements on individual sites.
- Improve parking to support business activity.
- Enhance the visual character of the Project Area through design standards and guidelines for new developments, building rehabilitation, and right-of-way improvements.
- Undertake appropriate environmental remediation measures on rehabilitation or redevelopment sites, according to customary procedures.
- Ensure that new construction follows proper practices to prevent any adverse environmental impact to the Chicago River.
- Promote energy efficient development.
- Establish job readiness and job training programs to provide residents within and surrounding the Project Area with the skills necessary to secure jobs in the Project Area and in adjacent project areas.
- Secure commitments from employers within the Project Area and adjacent project areas to interview graduates of the Project Area's job readiness and job training programs.
- Provide opportunities for women and minority businesses to share in the redevelopment of the Project Area.

V. FUTURE LAND USE AND REDEVELOPMENT ACTIVITIES

Future Land Use

The following land uses are anticipated within the Project Area (see Figure E):

Industrial/Commercial Mixed Use

This category is intended to implement the City's goals for the Chicago-Halsted Planned Manufacturing District ("PMD") zoning. This classification is applied to properties located in the PMD itself and to appropriate adjacent properties. The adjacent properties are considered a transition between PMD industry and other nearby incompatible uses. Where industrial and residential uses are adjacent, buffering and site design strategies (e.g. truck staging areas out of view of public rights-of-way) should limit off-site impacts such as noise and vibration, to prevent conflicts between incompatible uses.

As noted in the PMD document prepared in February, 2000, warehouse and distribution activities currently comprise 60% to 65% of the industrial space demand in the area. Further, demand for new or additional facilities by existing industry is expected to become important in the future. Therefore, industrial uses encouraged for these areas include storage and warehousing, manufacturing, and research and development. Commercial, institutional, and other uses which are compatible with industrial development may be appropriate. Redevelopment to residential use should be discouraged, and is prohibited within the boundaries of the PMD.

Commercial

This category includes office, service, retail, and entertainment uses. In addition, the category may also include uses which serve and support local industry.

Residential/Commercial Mixed Use

This category is intended to recognize and continue the current mix of uses in many parts of the Project Area. This category explicitly contemplates the continuation of existing residential dwelling units. New mixed use buildings, particularly where adjacent to existing or potential industrial uses, should be designed in such a way as to minimize the impacts from industrial uses.

Institutional

This category applies to existing institutional uses in the Project Area, particularly including the existing Salvation Army facilities. The Salvation Army provides valuable shelter and social services in close proximity to service and labor employment in the area, and the City encourages its continuation and/or expansion.

Railroad

This category applies to railroad rights-of-way throughout the Project Area.

All of the above land use categories may include parking uses to serve existing and future development.

Redevelopment Activities

The redevelopment of the Project Area will be driven by private reinvestment induced through public assistance and support. In the absence of assistance from the City as provided by the Redevelopment Plan, the private sector is not expected to pursue these opportunities in accordance with the policies of the City.

Public improvements will increase the functionality, appearance, and viability of the Project Area as a strong complement to the Loop. Recommended public improvements primarily include infrastructure improvements, particularly to deteriorated streets, sidewalks, and viaducts throughout the entire Project Area. The reconstruction and repair of numerous streets and sidewalks will not only improve the appearance of the district, but will also improve the accessibility to automotive and truck traffic to serve local businesses and residents. The following improvements have already been identified in the City's capital improvement program:

- streetscape improvements along Hubbard Street
- installation of bike lanes along Chicago Avenue, Kinzie Street, and Madison Street
- viaduct improvements at the intersection of Washington Street and Jefferson Street

Public assistance may also be provided to private enterprises for improvements to site circulation, access, and buffering to adjacent land uses.

VI. REDEVELOPMENT PROJECT

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

Purpose of the Redevelopment Plan

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

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

The Future Land Use Plan in Figure E illustrates proposed land uses. Ultimately, the Redevelopment Plan should help to better integrate the Project Area with adjacent uses, becoming an asset to the community and strengthening the existing industrial uses.

Eligible Redevelopment Project Costs

The Act identifies the categories of expenditures that can be funded using tax increment revenues. In the event the Act is amended after the date of the approval of this Redevelopment Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs (such as, for example, to include the cost of construction of residential housing), or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/1-74.4-3(q)(11)), this Redevelopment Plan shall be deemed to incorporate such additional, expanded, or increased eligible costs as eligible costs under the Redevelopment Plan. In the event of such amendment(s), the City may add any new eligible redevelopment costs as a line item in Table 4 (which sets for the TIF eligible costs for the Redevelopment Plan), or otherwise adjust the line items in Table 4 without amendment to this Redevelopment Plan. In no instance, however, shall such additions or adjustments result in any increase in the total redevelopment project costs without a further amendment to this Redevelopment Plan.

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

- Costs of studies, surveys, development of plans, and specifications, implementation and administration of the Redevelopment Plan including but not limited to staff and professional service costs for architectural, engineering, legal, financial, planning or other services;
- The cost of marketing sites within the Project Area to prospective businesses, developers, and investors;
- Property assembly costs including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation and site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- Costs of the construction of public works or improvements;
- Costs of job training and retraining projects, including the cost of “welfare to work” programs implemented by businesses located within the Project Area, and costs of 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, as provided in the Act;
- Financing costs, including but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued, and not exceeding 36 months thereafter and including reasonable reserves related thereto;
- To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district’s capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.
- An elementary, secondary, or unit school district’s increased costs attributable to assisted housing units will be reimbursed as provided in the Act.
- Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by Federal or state law;
- Payment in lieu of taxes;
- Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project, as provided by the Act;
- Up to 50% of the cost of construction, renovation, and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and

very low-income households, only the low- and very low-income units shall be eligible for this benefit under the Act.

- Up to 75% of the interest cost incurred by a redeveloper for the financing of rehabilitated or new housing units for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act.
- The cost of daycare services for children of employees from low-income families working for businesses located within the Project Area and all or portion of the cost of operation of day care centers established by Project Area businesses to serve employees from low-income families working in businesses located in the Project Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

Property Assembly

To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sales, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties. In connection with the City exercising its power to acquire real property not currently on the Land Acquisition Overview Map (Figure F), including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

Figure F, Land Acquisition Overview Map, indicates the parcels authorized to be acquired for redevelopment in the Project Area. Table 3, Acquisition Parcels by Permanent Index Number and Address lists the acquisition properties in more detail.

Table 3 Acquisition Parcels by Permanent Index Number and Address

Parcel	Address
17 09 101 014	741 W. Erie Street

As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and redevelopment.

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

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

Property Disposition

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

Rehabilitation of Existing Public or Private Structures

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

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

Public Improvements

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

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

Job Training

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

Developer Interest Costs

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

1. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
2. such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year, or in the case of redevelopment projects involving the construction or rehabilitation of new housing for low-income households and very low-income households, 75% of such annual interest costs.

Estimated Project Costs

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Table 4 of this Redevelopment Plan. All estimates are based on 2000 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.

Redevelopment Project Costs described in this Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Redevelopment Plan.

In the event the Act is amended after the date of the approval of this Redevelopment Plan by the City Council of Chicago to (a) include new eligible redevelopment project costs, or (b) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS 5/1-74.4-3(q)(11)), this Redevelopment Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as eligible costs under the Redevelopment Plan. In the event of such amendment(s), the City may add any new eligible redevelopment project costs as a line item in Table 4 (which sets forth the TIF eligible costs for the Redevelopment Plan), or otherwise adjust the line items in Table 4 without amendment to this Redevelopment Plan. In no instance, however, shall such additions or adjustments result in any increase in the total redevelopment project costs without a further amendment to this Redevelopment Plan.

Table 4 Estimated Redevelopment Project Costs

Estimated Redevelopment Project Costs	
Professional Services	\$2,000,000
Property Assembly	\$1,000,000
Rehabilitation, Reconstruction or Repair or Remodeling	\$37,000,000
Public Works or Improvements ⁽¹⁾	\$94,000,000
Job Training, Retraining, Welfare-to-Work	\$8,000,000
Relocation	\$1,000,000
Developer Interest Costs	\$2,000,000
Day Care	\$5,000,000
Total Redevelopment Costs ^{(2) (3)}	\$150,000,000

Notes:

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

Sources of Funds

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

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

The Project Area may, in the future, be contiguous to, or separated only by a public right-of-way from, other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Project Area to pay eligible Redevelopment Project Costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or other project areas separated only by a public right-of-way, and vice versa. The amount of revenue from the Project Area, made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible redevelopment project costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan. Currently, the North Branch South TIF and the Kinzie Industrial Corridor TIF are contiguous to the Project Area (see Figure G, Other TIF Districts).

The Project Area may become contiguous to, or be separated only by a public right-of-way from, project areas created under the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-1, et seq., as amended. If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right-of-way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas, and vice versa. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas, and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible redevelopment project costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Table 4 of this Redevelopment Plan.

The City may incur Redevelopment Project Costs which are paid from the funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes.

Nature and Term of Obligations to be Issued

Under the Act, the City may issue tax increment revenue obligation bonds and other obligations secured by incremental property taxes generated in the Project Area pursuant to the Act for a term not to exceed twenty years. In addition, all such obligations shall be retired no later than December 31 of the year in

which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this Project Area is adopted (by December 31, 2024, assuming the ordinance approving this Redevelopment Plan is passed in 2000).

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

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

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

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

Equalized Assessed Valuation

The purpose of identifying the most recent equalized assessed valuation ("EAV") of the Project Area is to provide an estimate of the initial EAV which the Cook County Clerk will certify for the purpose of annually calculating the incremental EAV and incremental property taxes of the Project Area. The most recent (1999) equalized assessed valuation (EAV) of the Project Area is \$50,458,368 (see Appendix C). This EAV is based on 1999 EAV figures collected by Teska Associates, Inc. and is subject to verification by the County Clerk. After verification, the final figure shall be certified by the County Clerk of Cook County, Illinois. This certified amount shall become the Certified Initial EAV from which all incremental property taxes in the Project Area will be calculated by the County. If the 2000 EAV shall become available prior to the date of the adoption of the Redevelopment Plan by the City Council, the City may update the Redevelopment Plan by replacing the 1999 EAV with the 2000 EAV without further City Council action.

Upon completion of development of the Project Area as anticipated in Figure E, Future Land Use, it is anticipated that the equalized assessed valuation will be approximately \$299 million. The calculation assumes that assessments appreciate at a rate of 2% per year. The projection represents a 494% increase in the total equalized assessed valuation. Other new projects, rehabilitation of existing buildings, and appreciation of real estate values may result in substantial additional increases in equalized assessed valuation.

VII. FINANCIAL IMPACT OF REDEVELOPMENT

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

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

In 1994, the Act was amended to require an assessment of any financial impact of the Project Area on, or any increased demand for services from, any taxing district affected by the Redevelopment Plan and a description of any program to address such financial impacts or increased demand. The City intends to monitor development in the area and with the cooperation of the other affected taxing districts will attempt to ensure that any increased needs are addressed in connection with any particular development.

Demand on Taxing District Services

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

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

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

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

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

City of Chicago Library Fund. This district is responsible for the provision of public library facilities and services throughout the City of Chicago.

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

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

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

The replacement of vacant and underutilized property with non-residential or residential development may cause increased demand for services and/or capital improvements to be provided by several taxing jurisdictions. New non-residential development may include industrial and commercial facilities. New residential development may include a small number of minor developments and a large mixed use project at Kinzie Station.

Up to 1,800 new residents may be anticipated for the entire Project Area. The number of school-aged children is expected to be extremely small. According to the study An Analysis of the Market Potential for Residential Development - Central Core Area - City of Chicago (prepared by Tracy Cross and Associates, Inc., August 1999), residential development in the central core (including the Project Area) will not attract families. Potential buyers are most likely to be either young childless singles or couples, or mature households without children. This conclusion is based on the relative affordability of suburban homes and the types of amenities offered in central city versus suburban developments. As a result, although several taxing districts may be affected by an increase in adult population, the number of new school-aged children is expected to be insignificant.

Affected taxing districts include Cook County, the Metropolitan Water Reclamation District of Greater Chicago, the City of Chicago, the City of Chicago Library Fund, the Board of Education of the City of Chicago, Chicago Community College District #508, and the Chicago Park District. The estimated nature of these increased demands for services on these taxing districts, and the activities to address increased demand, are described below.

Cook County. The replacement of vacant and underutilized property with non-residential or residential development may cause increased demand for the services and programs provided by the County. Because many new residents in the Project Area are likely to relocate from other portions of the County, the increase in demand is not anticipated to be significant. A portion of Redevelopment Project Costs may be allocated to assist in the provision of such increased services, as provided in the Act and in this Redevelopment Plan.

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

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

City of Chicago Library Fund. The replacement of vacant and underutilized property with residential development may cause increased demand for the services and programs provided by the Chicago Public Library. The increase in demand is not anticipated to be significant. A portion of Redevelopment Project Costs may be allocated to assist in the provision of such increased services, as provided in the Act and in this Redevelopment Plan.

Board of Education of the City of Chicago and Associated Agencies. The replacement of vacant and underutilized properties with mixed-use development may result in new residents. Based upon the characteristics of the market and the type of units which are likely to be developed, the number of school aged children is expected to be incidental. There are several schools near the Project Area (see Figure H), including Carpenter School (1250 W. Erie Street), Jenner School (1119 N. Cleveland Street), Jones High School (606 S. State Street), Manierre School (1420 N. Hudson Street), Otis School (525 N. Armour Street), Spaulding High School (1628 W. Washington Blvd.), and Wells High School (936 N. Ashland Street). As provided in the Act, the City will work with the Board of Education and its associate agencies to address any increase that does arise.

Chicago Community College District #508. The replacement of vacant and underutilized properties with mixed-use development may result in an increase in population within the Project Area. Therefore, demand for educational services and programs provided by the community college district may increase, although this change is not anticipated to be significant. The City will work with the Community College District #508 to address any increase that does arise.

Chicago Park District. The replacement of underutilized properties with non-residential and residential development may increase the population (primarily of adults) within the Project Area, so that demand for recreational services and programs provided by the Park District may increase. The following parks are located in the vicinity of the Project Area (see Figure H): Eckhart Park (Chicago Avenue and Noble Street), Grant Park, Seward Park (Orleans Street and Elm Street), Skinner Park (Adams Blvd. and Throop Street), Union Park (Ashland Street and Ogden Street), and Washington Square Park (Clark Street and Delaware Avenue). In addition, plans for a new 4-acre park are underway just to the east of the Project Area, at Erie Street on the east side of the Chicago River. This park will serve potential Project Area residents most directly. The City will work with the Chicago Park District to address any increase costs that do arise.

This proposed program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (a) the Redevelopment Project occurring as anticipated in the Redevelopment Plan, (b) the Redevelopment Project resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs, and (c) the generation of sufficient incremental property taxes to pay for the Redevelopment Project Costs listed above. In the event that the Redevelopment Project fails to materialize, or involves a different scale of development than that currently anticipated, the City may revise this proposed program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

VIII. FINDINGS OF NEED FOR TAX INCREMENT FINANCING

Pursuant to the Act, TAI makes the following findings:

Project Area Not Subject to Growth

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

Presence of Blighting Factors

Lack of investment is illustrated by the widespread extent and distribution of blighting factors, including deterioration, code violations, and excessive vacancies. As elaborated upon in the Eligibility Study (Appendix A), the presence of these factors to such a significant degree illustrates that appropriate private investment, particularly for maintenance and improvements to property, has not been undertaken in the Project Area.

Lag of Growth in Equalized Assessed Value

The Eligibility Study (Appendix A) examines the growth of equalized assessed value (EAV) in the Project Area over time. While the value of property within the Project Area has grown between 1994 and 1999, this growth has lagged the growth of the City as a whole in 1997 and 1998. This lag may represent a recent trend of decline, and is disturbing given the location of the Project Area. One would expect that property in such close proximity to the Loop would regularly exceed the rate of growth of the City (which includes numerous deteriorated neighborhoods that have experienced little or no investment for decades). In addition, the growth rate of the Project Area is less than the Consumer Price Index for All Urban Consumers in three of the last five years, which meets the statutory requirement for lag in growth of EAV as a blighting factor.

Lack of Building Permit Activity Representing Substantial Investment

An examination of building permit activity for the five year period between 1995 and 2000 shows a lack of private investment. During this period, a total of 46 building permits were issued to 29 individual parcels in the Project Area, at a total value of \$1,130,000. Of the 323 parcels in the Project Area, only 9% were subject to investment, as represented by building permit activity, in the past five years. Table 5 illustrates the type and value of these permits.

Table 5 Building Permits in the Project Area, 1995 to 2000

Type of Permit	Number of Permits	Value of Permits	Number of Parcels
Addition	3	\$70,600	3
Conversion	6	\$141,000	3
Demolition	3	\$59,900	3
New Building	16	\$314,000	6
Repairs	18	\$544,500	16
Total	46	\$1,130,000	31 ¹

Initially, it may appear that the \$1.13 million represents meaningful investment in the Project Area. However, upon further examination, this activity is neither widespread nor indicative of substantial private investment.

First, there were 18 permits issued to 16 properties for repairs. However, 10 of these 16 properties (63%) have been cited by the Building Department of the City of Chicago for code violations in the past five years. Of the \$544,500 for repair permits, \$350,000 (64%) was spent on properties with recent code violations. It is very likely that such repairs were made in order to correct code deficiencies on these properties with violations. Required repair and maintenance activities are unlikely to increase the value of property, and do not represent voluntary private investment by property owners.

Second, a majority of the permit activity was directed toward only three parcels. One property was issued 7 permits (15% of the total), at a value of \$332,000. Almost one third (29%) of the value of all building permit activity in the Project Area in the past five years is attributable to this single property. This fact indicates that private investment is not widespread throughout the Project Area. In addition, this particular parcel is the conversion of an existing non-residential site to residential lofts, which highlights the need for City intervention to maintain the industrial and commercial base of the Project Area. Two other parcels were also subject to large investments. One existing brewery/restaurant underwent repairs valued at \$150,000. A mixed use commercial building was issued repair permits valued at \$140,400. These three parcels, at a total building permit value of \$622,400, represent 55% of all investment in the Project Area in the past five years.

This analysis indicates that private investment is neither substantial nor widespread in the Project Area. Subtracting out what are likely to be involuntary expenditures of \$350,000 to correct code deficiencies on 10 parcels, and \$622,400 of new investment on only three properties, results in expenditures of only \$157,600 for the remaining 310 parcels over the past five years. Based on this evidence, private investment as represented by building permit activity is not substantial or widespread, and in fact may be contrary to the City's goal of preserving industrial and commercial uses.

¹ One property was issued building permits in three categories: demolition, conversion, and new building. Therefore there were permits issued only to 29 individual properties.

The physical condition, lag in the growth of property values, and lack of widespread and substantial investment as represented by building permit activity support the finding that the Project Area has not been subject to growth and redevelopment through investment by private enterprise.

IX. OTHER ELEMENTS OF THE REDEVELOPMENT PLAN

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

The Redevelopment Plan and Project described herein includes land uses which have been approved by the Chicago Plan Commission.

Date of Completion

The Redevelopment Project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this Project Area is adopted (by December 31, 2024).

Implementation Schedule

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Project Area. It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of incremental property taxes by the City. The estimated date for completion of Redevelopment Projects is no later than December 31, 2023.

Housing Impact Certification

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

The Project Area contains 157 occupied residential units, including 56 units above commercial uses and 101 units in multifamily buildings. In addition, the Salvation Army Men's Service Center contains accommodations for 189 persons. The City does not intend to acquire, or displace by any other means, any of these units. The City of Chicago hereby certifies that no displacement will occur as a result of activities pursuant to this Redevelopment Plan.

Provision for Amending the Redevelopment Plan

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

Affirmative Action and Fair Employment Practices

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

1. The assurance of equal opportunity in all personnel and employment actions, including, but not limited to: hiring, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.

2. Redevelopers will meet City of Chicago standards for participation of Minority Business Enterprises and Woman Business Enterprises, the City Resident Construction Worker Employment Requirement, and the prevailing wage requirements as required in redevelopment agreements.
3. This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for job openings and promotional opportunities.
4. Redevelopers will meet City standards for the prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

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

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

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

The City shall have the right, in its sole discretion, to exempt certain small business, building owners, and developers from items 1 through 4 above.

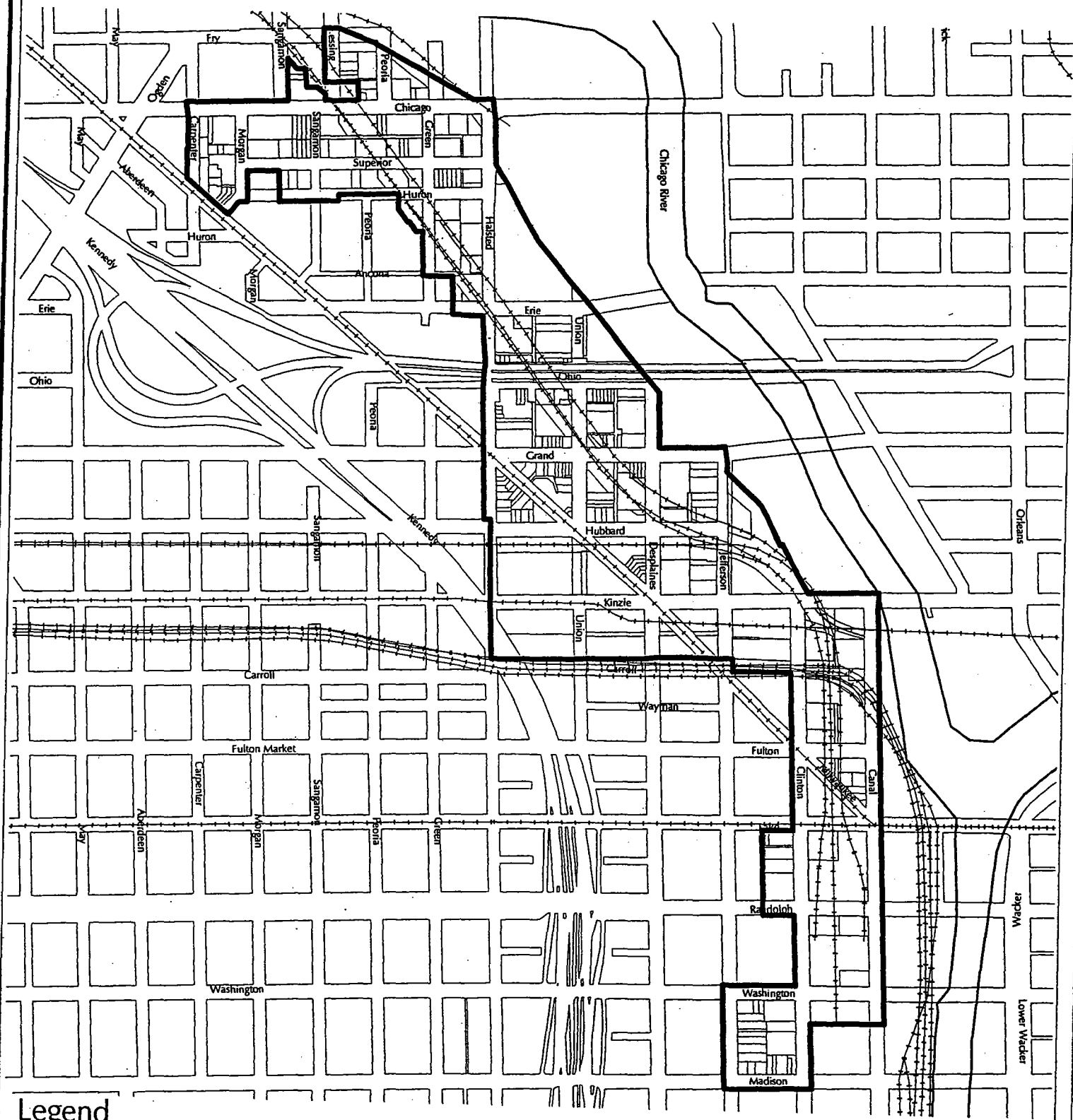
Affordable Housing

The City requires that developers who receive TIF assistance for market rate housing set aside 20% of the units to meet affordability criteria established by the City's Department of Housing. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120% of the area median income, and affordable rental units should be affordable to persons earning no more than 80% of the area median income.

Figure A Proposed Project Area River West TIF District - Chicago, Illinois

TESKA
ASSOCIATES
INC.

September 5, 2000



Legend
Project Area

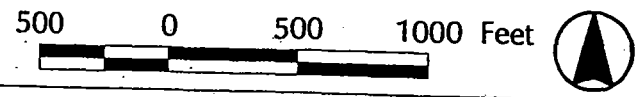


Figure B

Planned Manufacturing District (PMD)

River West TIF District - Chicago, Illinois

TESKA
ASSOCIATES
INC.

September 5, 2000



Legend

-  Planned Manufacturing District
-  Project Area

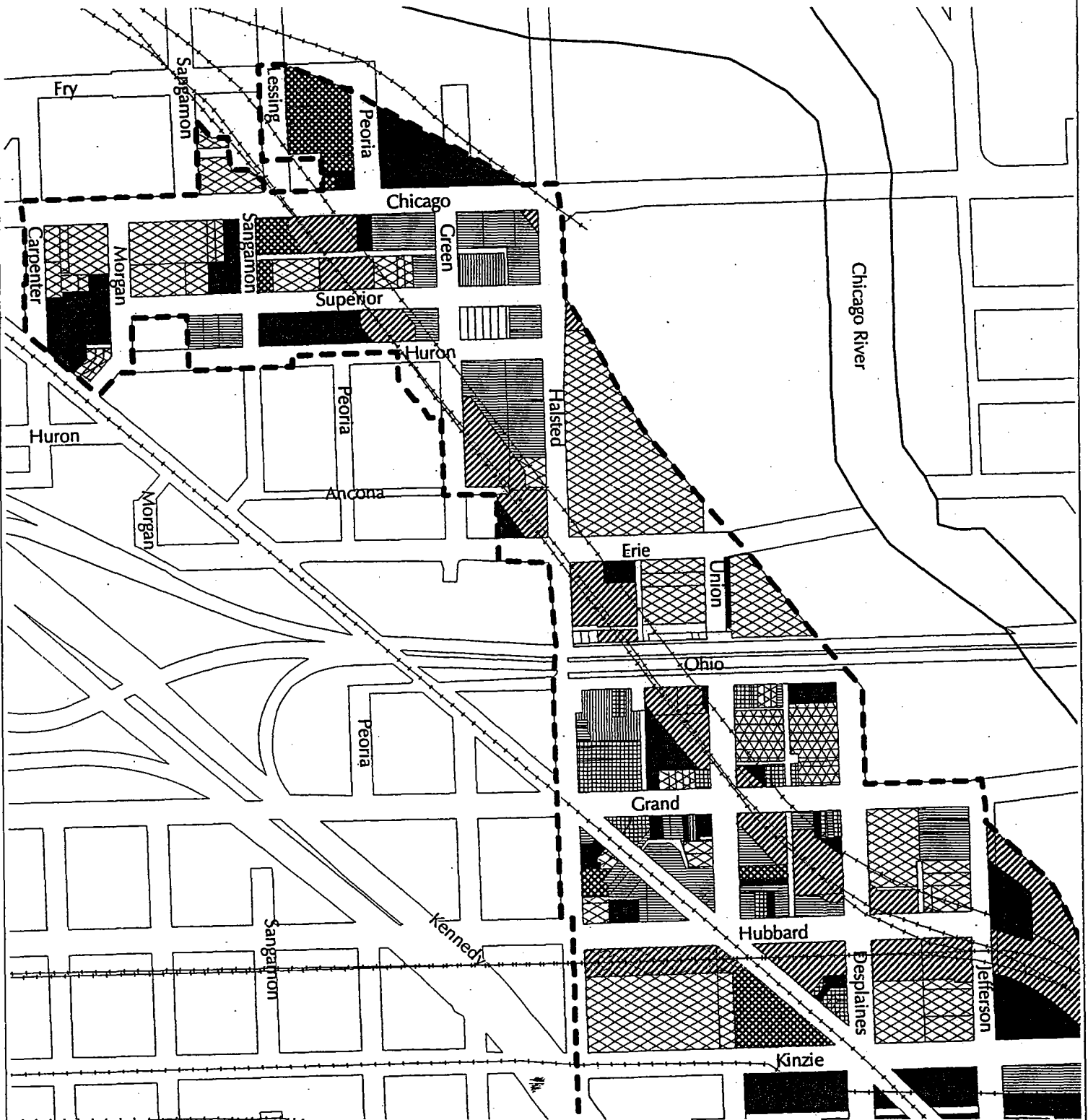
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Figure D
Existing Land Use (Page 1 of 2)
River West TIF District - Chicago, Illinois

TESKA
ASSOCIATES
INC.

September 5, 2000



Legend

- | | | |
|---------------------------|---------------|--------------|
| Industrial | Commercial | Vacant |
| Multi-Family Residential | Institutional | Project Area |
| Mixed-Use Residential | Parking | |
| Mixed-Use Non-Residential | Railroad ROW | |

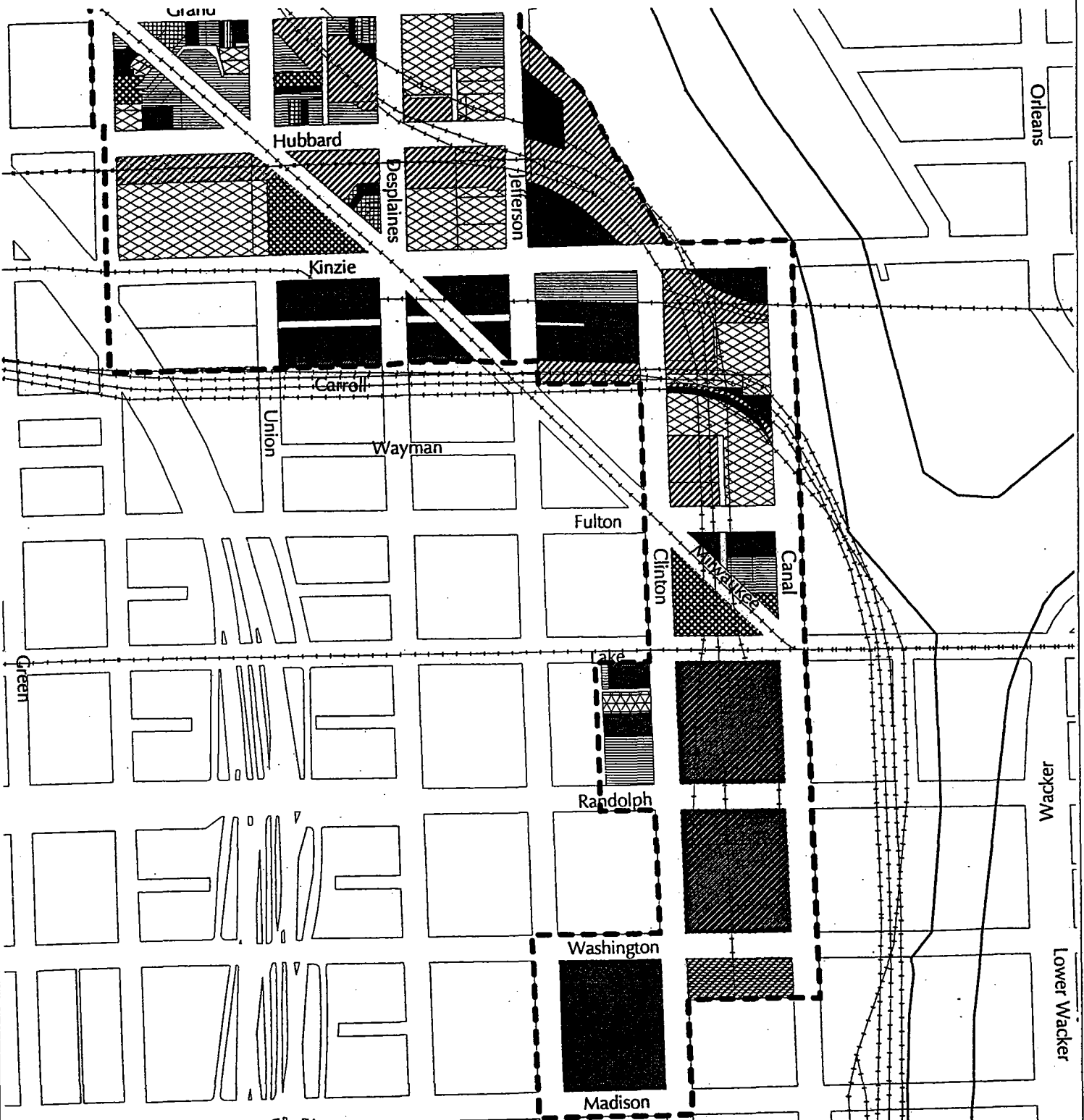
250 0 250 500 Feet



Figure D
Existing Land Use (Page 2 of 2)
River West TIF District - Chicago, Illinois

TESKA ASSOCIATES INC.

September 5, 2000



Legend

- | | | |
|---------------------------|---------------|--------------|
| Industrial | Commercial | Vacant |
| Multi-Family Residential | Institutional | Project Area |
| Mixed-Use Residential | Parking | |
| Mixed-Use Non-Residential | Railroad ROW | |

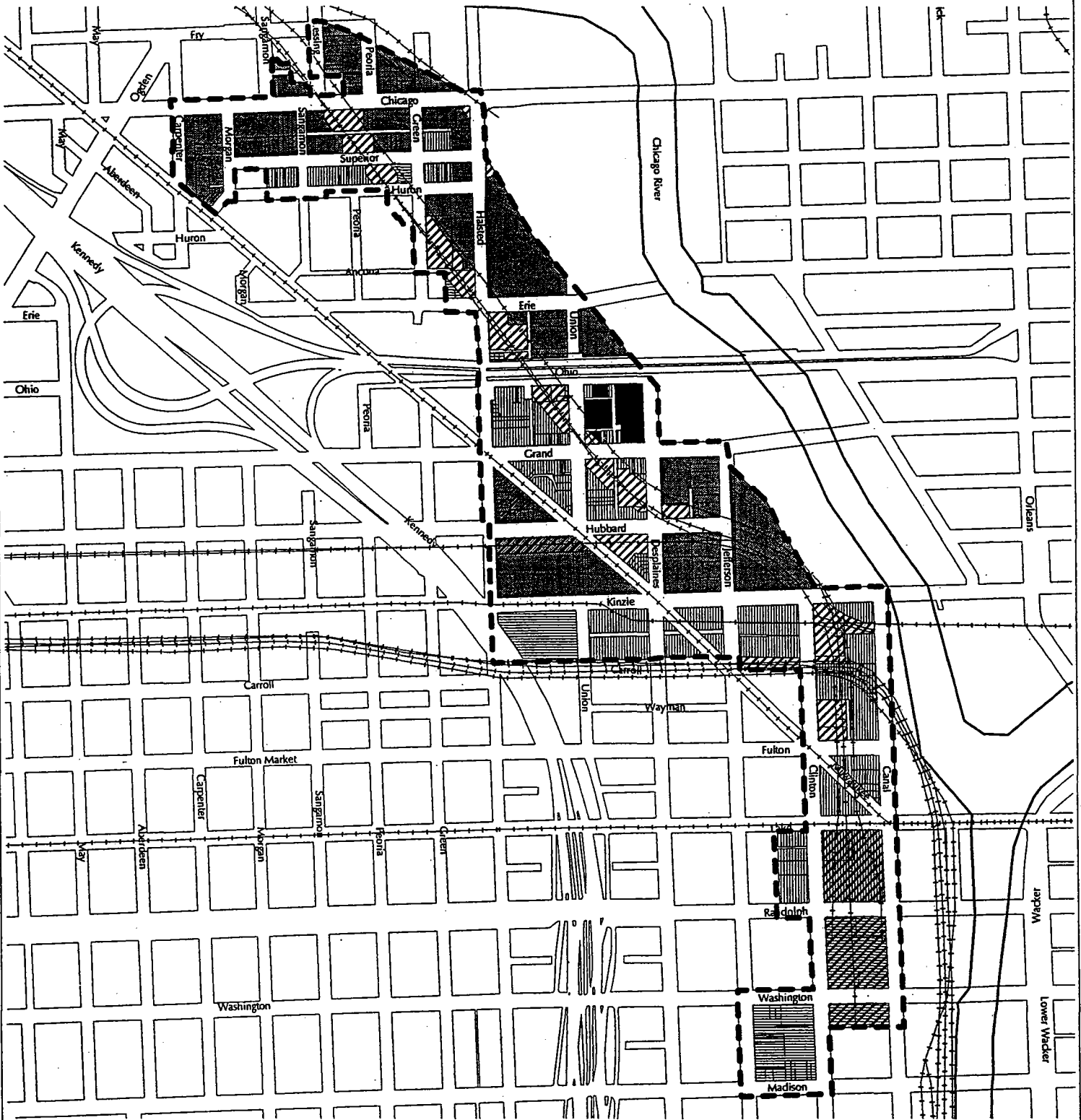
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Figure E Future Land Use River West TIF District - Chicago, Illinois

TESKA
ASSOCIATES
INC.

September 15, 2000



Legend

- | | |
|----------------------------------|--------------|
| Industrial/Commercial Mixed-Use | Railroad ROW |
| Commercial | Project Area |
| Residential/Commercial Mixed-Use | |
| Institutional | |

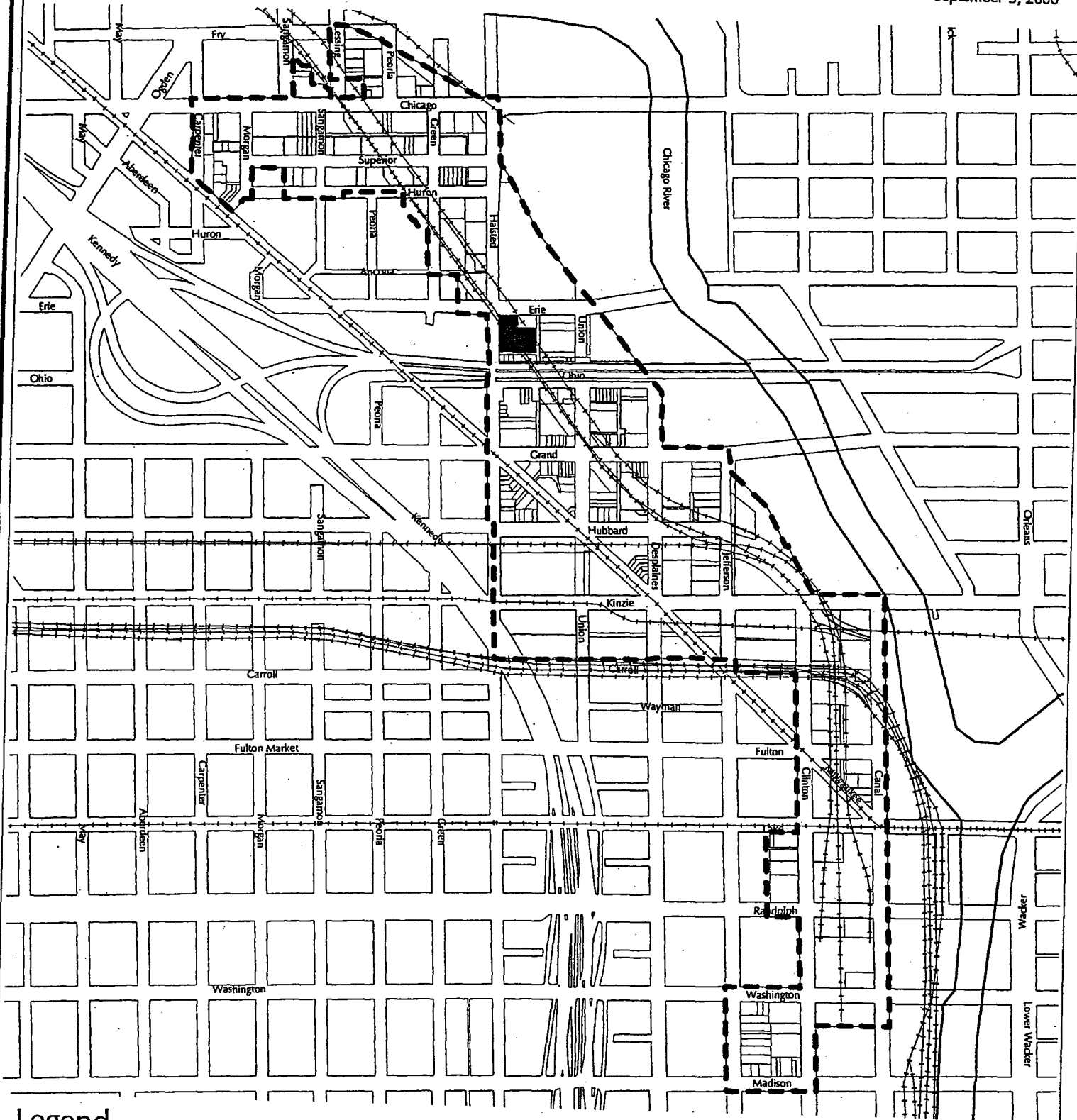
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Figure F Land Acquisition Overview Map River West TIF District - Chicago, Illinois

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September 5, 2000



Legend

- Properties Authorized to be Acquired
- Project Area

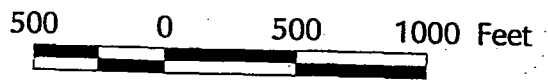


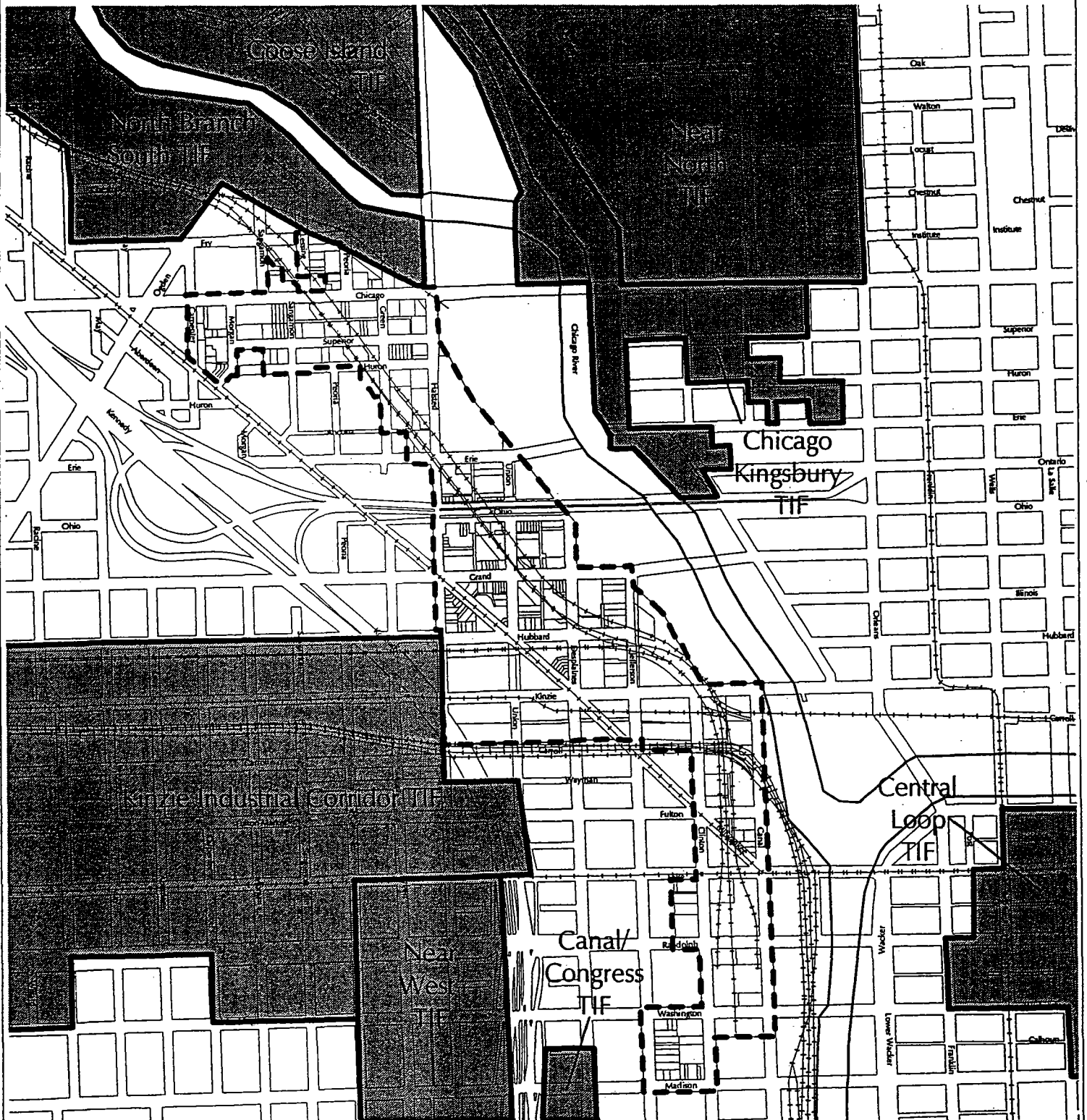
Figure G

Other TIF Districts

River West TIF District - Chicago, Illinois

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September 15, 2000



Legend

- Other Tax Increment Finance Districts
- Project Area

500 0 500 1000 1500 Feet

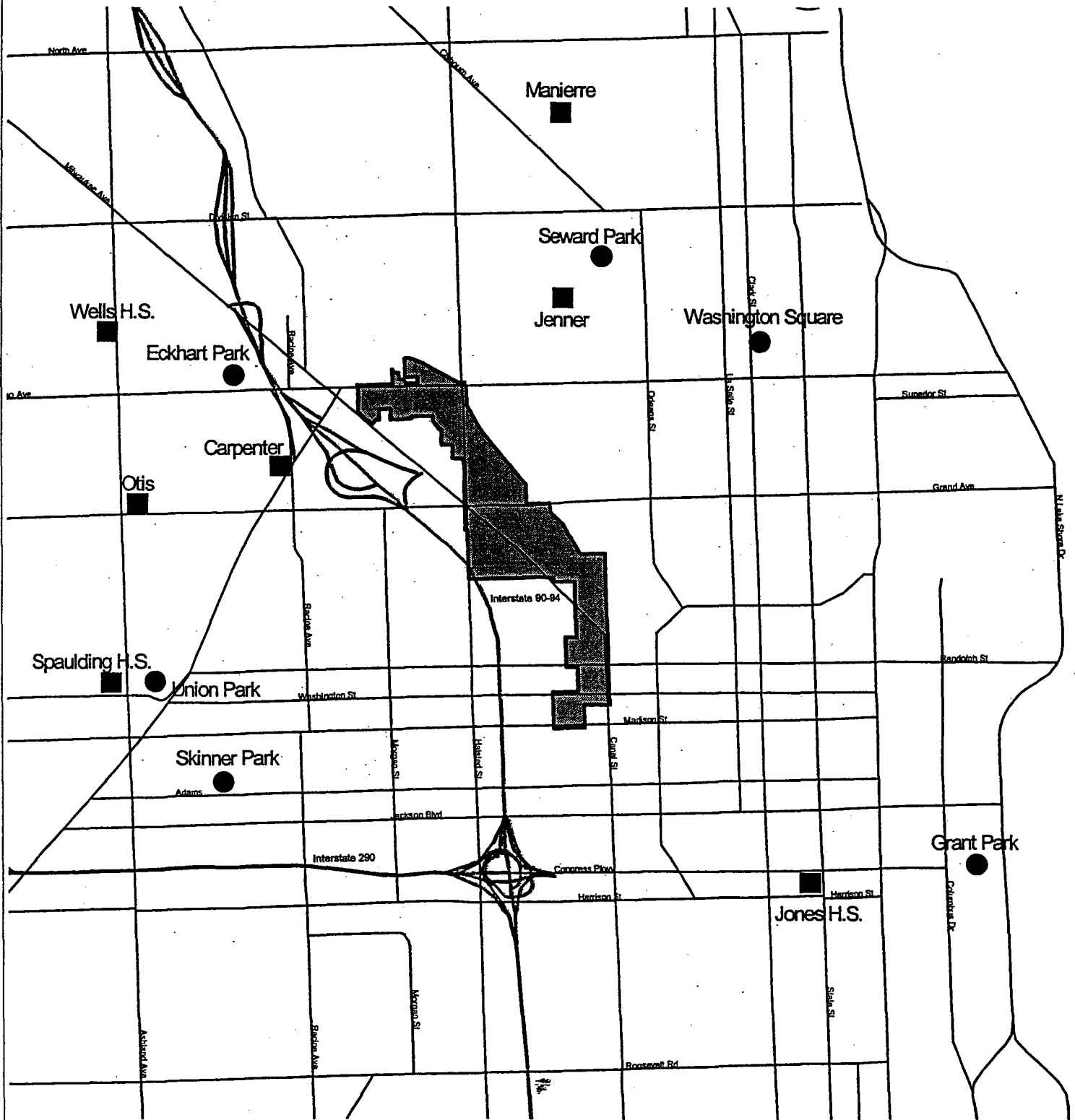


Figure H Parks and Schools

River West TIF District - Chicago, Illinois

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September 15, 2000



Legend

- Parks
- Schools
- ▨ Project Area

0 0.5 1 Miles



APPENDIX A:

ELIGIBILITY STUDY

INTRODUCTION

The purpose of this report is to determine whether the River West Tax Increment Financing Redevelopment Project Area (the "Project Area"), qualifies for designation as a "conservation area" within the requirements set forth in the Tax Increment Association Redevelopment Act, 65 ILCS 5/11 - 74.4 - 1, et seq., as amended (the "Act").

The findings presented in this study are based on surveys and analyses conducted by Teska Associates, Inc. and Mann, Gin, Dubin and Frasier, Inc. for the Project Area of approximately 124 acres located within the West Town and Near West Side community areas. The boundary of the Project Area is shown in Figure 1.

Teska Associates, Inc. has prepared this report with the understanding that the City would rely on: (a) the findings and conclusions of this report in proceeding with the designation of the Project Area as a Project Area under the Act; and (b) the fact Teska Associates, Inc. has obtained the necessary information to conclude that the Project Area can be designated as a Project Area as defined by the Act.

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

"..an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area, or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas" (65 ILCS 5/11-74.4-3(p)).

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

"...any improved area within the boundaries of a Redevelopment Project Area located within the territorial limits of the municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area, but because of a combination of three or more of the following factors is detrimental to the public safety, health, morals, or welfare and such an area may become a blighted area: dilapidation; obsolescence; deterioration; presence of structures below minimum code standards; illegal use of individual structures; excessive vacancies; lack of ventilation, light, or sanitary facilities; inadequate utilities; excessive land coverage and overcrowding of structures and community facilities; deleterious land use or layout; lack of community planning; environmental clean-up; and decline or lagging rate of growth in equalized assessed value."

While it may be concluded that the mere presence of the minimum number of the stated factors may be sufficient to make a finding as a conservation area, this evaluation was made on the basis that the conservation area factors must be present to an extent that indicates that public intervention is appropriate or necessary. Secondly, the distribution of conservation area factors must be reasonably distributed throughout the Project Area, so that relatively strong areas are not arbitrarily included in the Project Area simply because of proximity to areas that qualify as a conservation area. This report identifies all existing conservation factors that satisfy the statutory requirements and indicate that public intervention is appropriate and necessary.

On the basis of this approach, the Project Area is eligible for designation as a "conservation area" within the requirements of the Act. Ninety-one of 103 buildings are 35 years of age or older. In addition to age, five of the thirteen qualifying factors required under the Act are present in and reasonably distributed throughout

the entire Project Area. The following characteristics qualify the Project Area: **deterioration of structures and surface improvements, presence of structures below minimum code standards, excessive vacancies, lack of community planning, and lag in growth of Equalized Assessed Value (EAV).** The entire Project Area is impacted by and shows the presence of these conservation factors.

DESCRIPTION OF THE PROJECT AREA

The Project Area is located approximately 1 mile northwest of the central business district of Chicago, in the West Town and Near West Side community areas. The Project Area generally encompasses the properties lying along the west side of the Chicago River between Fry Street on the north and Madison Street on the south, excluding those areas occupied by the Chicago Tribune facilities and the Kinzie Park development. The Project Area extends west to Carpenter Street in the vicinity of Chicago Avenue, and west to Halsted Street south of Erie Street. South of Carroll Street, the Project Area is generally located between Jefferson and Canal Streets.

The boundaries of the Project Area have been carefully established to include those properties that will gain an immediate and substantial benefit from the Redevelopment Plan. The Project Area contains 103 buildings on 323 parcels, and consists of approximately 124 acres within 36 legal blocks or portions thereof. Figure 1 delineates the precise boundaries of the Project Area.

ELIGIBILITY FINDINGS

TAI, in association with Mann, Gin, Dubin, and Frazier, conducted a field survey of the subject properties in May, 2000. Based on an inspection of the improvements and grounds, field notes were taken which recorded the condition of the parcel. Photographs further document the observed conditions. Additional research was conducted at the Cook County Treasurer's Office, the City's Building Department, and the Landmarks Division of the Department of Planning and Development.

In order to be designated as a conservation area, at least 50% of the structures must be 35 years or more in age. Additionally, a combination of at least three of the other blighting factors must be present to a meaningful extent and reasonably distributed throughout the Project Area.

Age of Buildings

Based on field analysis and historical records provided by the City of Chicago, 91 out of 103 (88%) of the buildings in the Project Area are more than 35 years old (see Figure 2). This exceeds the statutory requirement that at least 50% of the buildings in a conservation area be 35 years of age or older. These older buildings are well-distributed on 26 of 36 blocks (72%).

Dilapidation

Dilapidation refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

No structures in the Project Area display this extreme physical state. This factor is not distributed throughout the Project Area, and therefore does not contribute to the designation of the Project Area.

Obsolescence

Obsolescence is the condition or process of falling into disuse. Obsolete structures have become ill-suited for the original use.

Two buildings in the Project Area exhibit obsolescence. Both of these buildings are characterized by obsolete design. In one case, a former industrial building that is no longer useful for modern industry is being converted to residential use. Overall, obsolescence does not contribute towards the designation of the Project Area as a conservation area.

Deterioration

With respect to buildings, deterioration refers to defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. The field survey found that nearly half of the structures in the Project Area (43 of 103 buildings, or 42%) are characterized by deterioration. The Project Area is also traversed by a number of railroad rights-of-way, including lines used for METRA commuter trains. The viaduct structures are characterized by significant deterioration, which contributes to a substandard appearance as well as potentially unsafe conditions. Over half of all blocks in the Project Area contain one or more deteriorated structures, attesting to the widespread distribution of this factor. In most cases, these defects are highly visible from public rights-of-way.

With respect to surface improvements, the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas may evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces. Deterioration of surface improvements was particularly widespread throughout the Project Area, on 24 of 36 blocks in the Project Area (67%). Deteriorated, cracked, uneven and crumbling roads and sidewalks were the most prevalent occurrence.

The extent and widespread distribution of deterioration (see Figure 3), both of structures and surface improvements, has a powerful negative effect upon neighboring properties. When buildings or improvements on adjacent properties are in a declining state, a property owner has less incentive to maintain or improve his or her own property. Therefore, deterioration has potential to spread, which could lead the entire Project Area to a blighted condition. Deterioration is therefore a contributing factor towards designation as a conservation area.

Presence of Structures Below Minimum Code Standards

Structures below minimum code standards include all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

According to information provided by the Building Department of the City of Chicago, 70 of 103 buildings (68%) in the Project Area have been cited for violations of City building codes since 1994 (see Figure 4). Almost seven in ten buildings is or has been characterized by some form of violation. These violations are widespread throughout the district, appearing on 24 of 36 blocks (67%). The extent and distribution of buildings below minimum code standards contributes to the designation of the Project Area as a conservation area.

Illegal Use of Individual Structures

Illegal use of individual structures refers to the use of structures in violation of applicable federal, State, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

The exterior field survey conducted by Teska Associates, Inc. found one parcel characterized by illegal dumping. This factor does not contribute to the designation as a conservation area.

Excessive Vacancies

Excessive vacancies refers to the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

Seventeen of 103 buildings (17%) are presently vacant or partially vacant (see Figure 5). Deterioration, code violations, and the age of these buildings is often associated with the incidence of vacancies. Vacancies are distributed on 10 of 36 blocks in the Project Area (28%). Because the visibility of these vacancies is a drain upon the vitality of the area, this factor contributes towards the designation of the Project Area as a conservation area.

Lack of Ventilation, Light, or Sanitary Facilities

Inadequate ventilation is characterized by the absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

No structures in the Project Area display this characteristic, and therefore this factor does not contribute to the designation of the Project Area.

Inadequate Utilities

This factor relates to all underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (a) of insufficient capacity to serve the uses in the redevelopment project area, (b) deteriorated, antiquated, obsolete, or in disrepair, or (c) lacking within the redevelopment project area.

According to information provided by the City, inadequate utilities is not a factor in the designation of the Project Area as a conservation area.

Excessive Land Coverage and Overcrowding of Structures and Community Facilities

This factor relates to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

Relative to the urban context of the Project Area, no properties display excessive coverage. This factor does not make a contribution to the designation of the Project Area as a conservation area.

Deleterious Land Use or Layout

Deleterious land uses include the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.

Eight of 323 parcels (2%) in the Project Area display deleterious land uses or layouts. The most common occurrence is parking or loading areas which encroach upon the right-of-way. This forces trucks and other vehicles to block traffic and pedestrian movements. Although these layouts pose potential risks to public

safety, the lack of distribution of this factor means that it does not contribute to the designation of the Project Area.

Lack of Community Planning

Lack of community planning occurs when the proposed redevelopment project area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The Project Area, and indeed the entire City, was developed without the guidance of a comprehensive plan. However, it is the effects of more recent unplanned development that has brought negative consequences to the area. In particular, the areas lying south of Kinzie Street are located in close proximity to the Loop, yet many properties are underutilized with uses such as vacant land and parking areas. Properties in this area have inherent natural advantages related to their location (close to transit and freeway transportation, as well as the employment and growing residential base of the Loop), yet they are not developed to their potential.

Similarly, the northern portion is not appropriately developed. In recent years this portion of the Project Area has been characterized by an inappropriate mix of uses. The areas adjacent to the Project Area have witnessed an unprecedented growth in residential development. Residences are inherently incompatible with the existing industrial uses in the area, particularly due to the traffic, noise, odor and vibration impacts of industrial uses. The complaints of new residential neighbors, combined with the upward pressure on property values and taxes caused by residential developers, make the area substantially less attractive to existing and potential industrial uses. However, the City has determined that retaining and protecting existing industrial areas will have significant positive impacts upon the employment and tax base of the City. The Project Area is particularly conducive to industrial retention due to the accessibility and agglomeration possibilities.

Overall, the unplanned development of the area hampers the vitality of the western fringes of the Loop, has adverse impacts upon existing industry, and conflicts with the long term goals of the City. Based on these negative results, lack of community planning contributes to the designation of the Project Area as a conservation area.

Environmental Clean-Up

This factor is relevant when the area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

During the eligibility survey, five sites were identified with environmental hazards such as unprotected storage barrels. In addition, the City of Chicago Department of Environment ("DOE") has identified twenty-three sites with Underground Storage Tanks and three sites with reported air emissions. DOE has also

indicated that the historic operations of the rail lines in the Project Area may have had adverse environmental impacts, and the older buildings in the Project Area are likely to contain asbestos and lead-based paints. Although the potential hazards posed by these circumstances are of great importance, the lack of EPA remediation costs or consultant studies means that environmental clean-up does not contribute to the designation of the Project Area as a conservation area.

Lag in Growth of Equalized Assessed Value

This factor can be cited if the total equalized assessed value of the proposed redevelopment project area has declined for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

	1999	1998	1997	1996	1995	1994
Total Assessed Value of Project Area	22,420,959	22,181,750	22,172,040	20,592,855	20,496,658	20,499,329
Percent Change in AV from Prior Year	1.08%	0.04%	7.67%	0.47%	-0.01%	n/a
Equalization Factor	2.2505	2.1799	2.1489	2.1517	2.1243	2.1135
Total Equalized Assessed Value of Project Area	50,458,368	48,353,997	47,645,497	44,309,646	43,541,051	43,325,332
Percent Change in EAV from Prior Year	4.35%	1.49%	7.53%	1.77%	0.50%	n/a
Equalized Assessed Value of City of Chicago (Excluding Project Area)	38,397,614,214	37,170,486,062	36,051,214,562	33,412,386,140	33,056,894,261	33,002,397,696
Percent Change in City EAV from Prior Year	3.30%	3.10%	7.90%	1.08%	0.17%	n/a
CPI for All Urban Consumers	2.70%	1.60%	1.70%	3.30%	2.50%	n/a

The relatively high increase in EAV in 1997 is due to the fact that this was a reassessment year for the Project Area. In the absence of a property sale, building permit activity, demolition, etc., a property in Cook County is reassessed only once every three years. Therefore, an unusual increase in EAV during a reassessment year can be expected, as the assessor attempts to account for natural inflation to property values that has not been accounted for in the years since the last reassessment.

EAV increases in the other years are minimal. In fact, the change in assessed value (the actual value assigned by the Assessor) was negative in 1995. Only the increase in the equalization factor resulted in a positive increase in the EAV this year. In addition, the percent change in the EAV of the Project Area was less than the percent change in EAV of the balance of the City of Chicago in 1997 and 1998. The recent lag of growth in the Project Area behind the rest of the City may be indicative of a trend of decline. Of particular importance is the fact that the Project Area grew more slowly than the City in 1997 (a reassessment year). Even as the assessor attempted to account for three years of growth in this reassessment year, the Project Area did not keep pace with the rest of the City.

Finally, the percent change in EAV of the Project Area was less than the Consumer Price Index for All Urban Consumers in 1995, 1996, and 1998. Increases in value in these years are not even keeping pace with inflation in the general economy. This data meets the statutory requirement, such that lag in EAV is a contributing factor toward the designation of the Project Area as a conservation area.

CONCLUSION

Based on the findings contained herein, the Project Area as a whole qualifies as a conservation area according to the criteria established by the Act, because at least 50% of the structures in the Project Area are at least 35 years old, and because of the predominance and extent of parcels exhibiting the following qualifying conditions:

1. Deterioration of buildings and surface improvements
2. Presence of structures below minimum code standards
3. Excessive vacancies
4. Lack of community planning
5. Lag in growth of EAV

Each of these factors contributes significantly to the eligibility of the Project Area as a conservation area (a summary table is attached). These factors are present to a reasonable extent and are meaningfully distributed throughout the Project Area. All of these characteristics point to the need for designation of the Project Area, to be followed by public intervention in order that redevelopment might occur.

**River West Eligibility Study
Summary of Eligibility Factors**

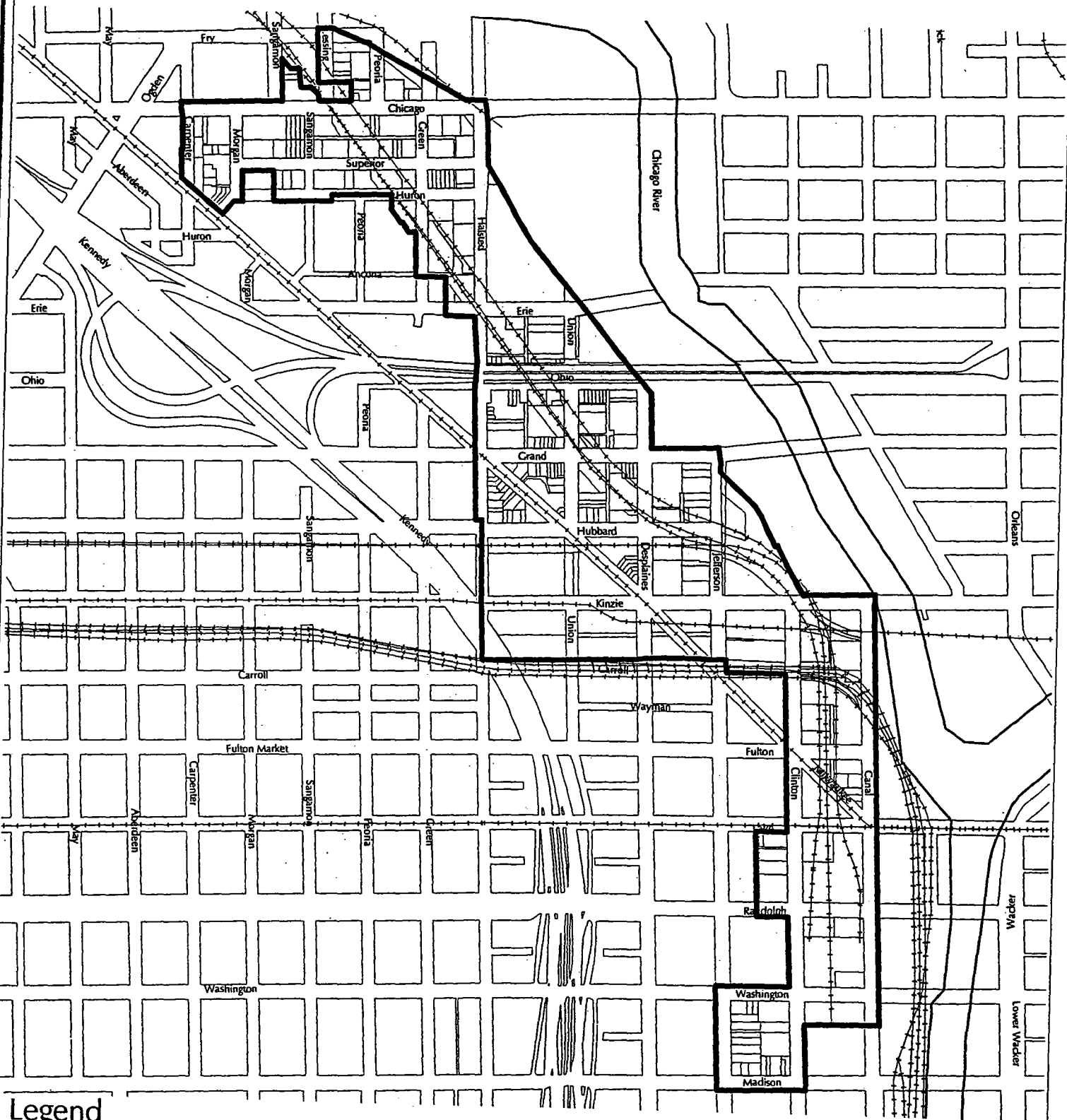
Parcels 323
Buildings 103
Blocks 36

	Number of Parcels Displaying Characteristic	Percent of All Parcels	Number of Buildings Displaying Characteristic	Percent of all Buildings	Number of Blocks Displaying Characteristic	Percent of All Blocks
Age			91	88%	26	72%
Dilapidation			0	0%	0	0%
Obsolescence			2	2%	1	3%
Deterioration						
<i>Structures</i>			43	42%	19	53%
<i>Surface Improvements</i>	151	47%			24	67%
Below Code			70	68%	24	67%
Illegal Use	1	0%			1	3%
Excessive Vacancy			17	17%	10	28%
Lack of Ventilation, etc.	0	0%			0	0%
Inadequate Utilities	0	0%			0	0%
Excessive Coverage/Overcrowding	0	0%			0	0%
Deleterious Use	8	2%			4	11%
Lack of Community Planning	<i>see Eligibility Report</i>					
Environmental Clean-Up	5	2%			2	6%
Lag in Growth of EAV	<i>see Eligibility Report</i>					

Figure 1 Proposed Project Area River West TIF District - Chicago, Illinois

TESKA
ASSOCIATES
INC.

September 5, 2000



Legend
Project Area

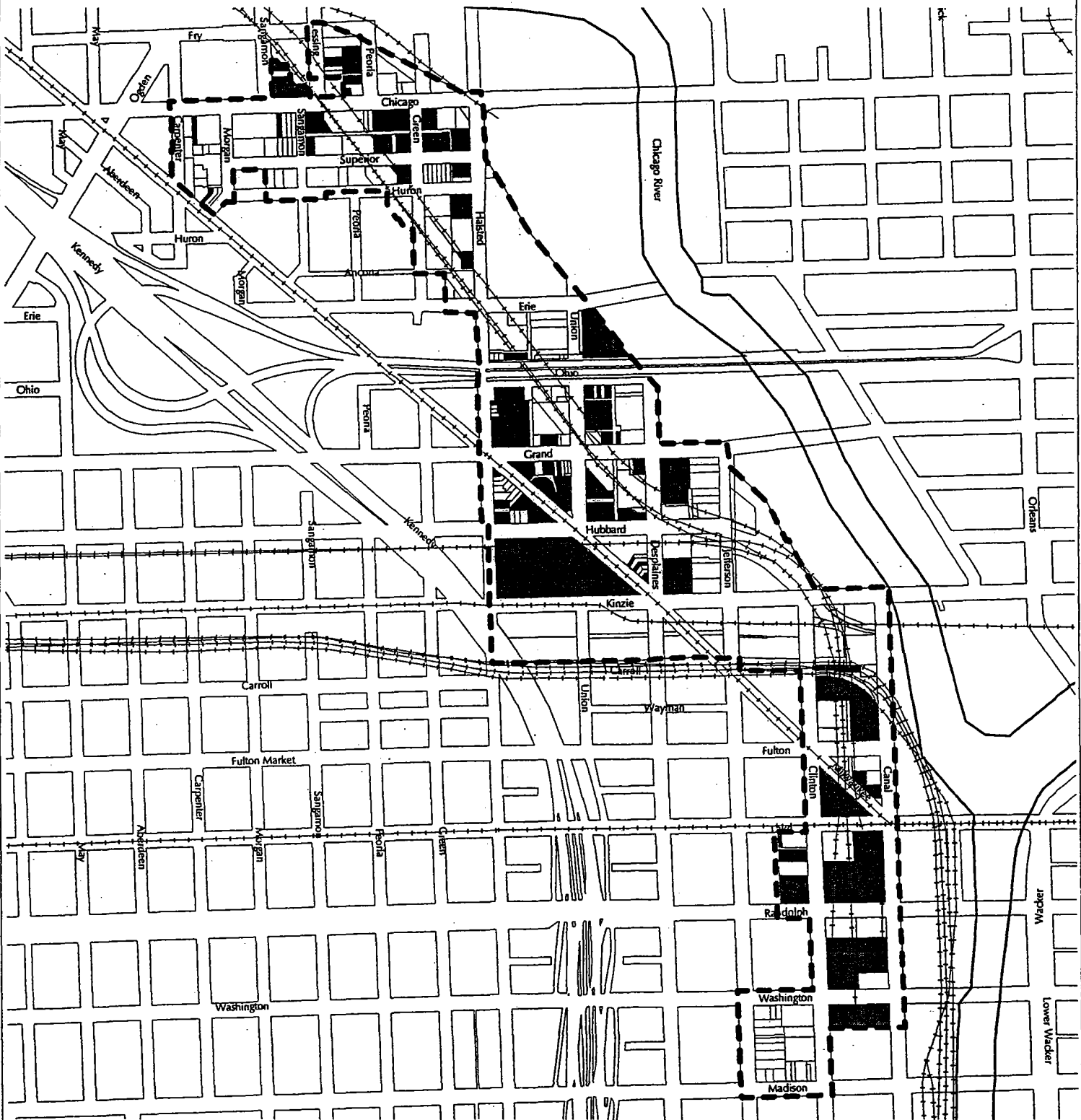
500 0 500 1000 Feet



Figure 2 Eligibility Factor - Age River West TIF District - Chicago, Illinois

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INC.

September 5, 2000



Legend

- Parcels With Structures Over 35 Years Old
- Project Area

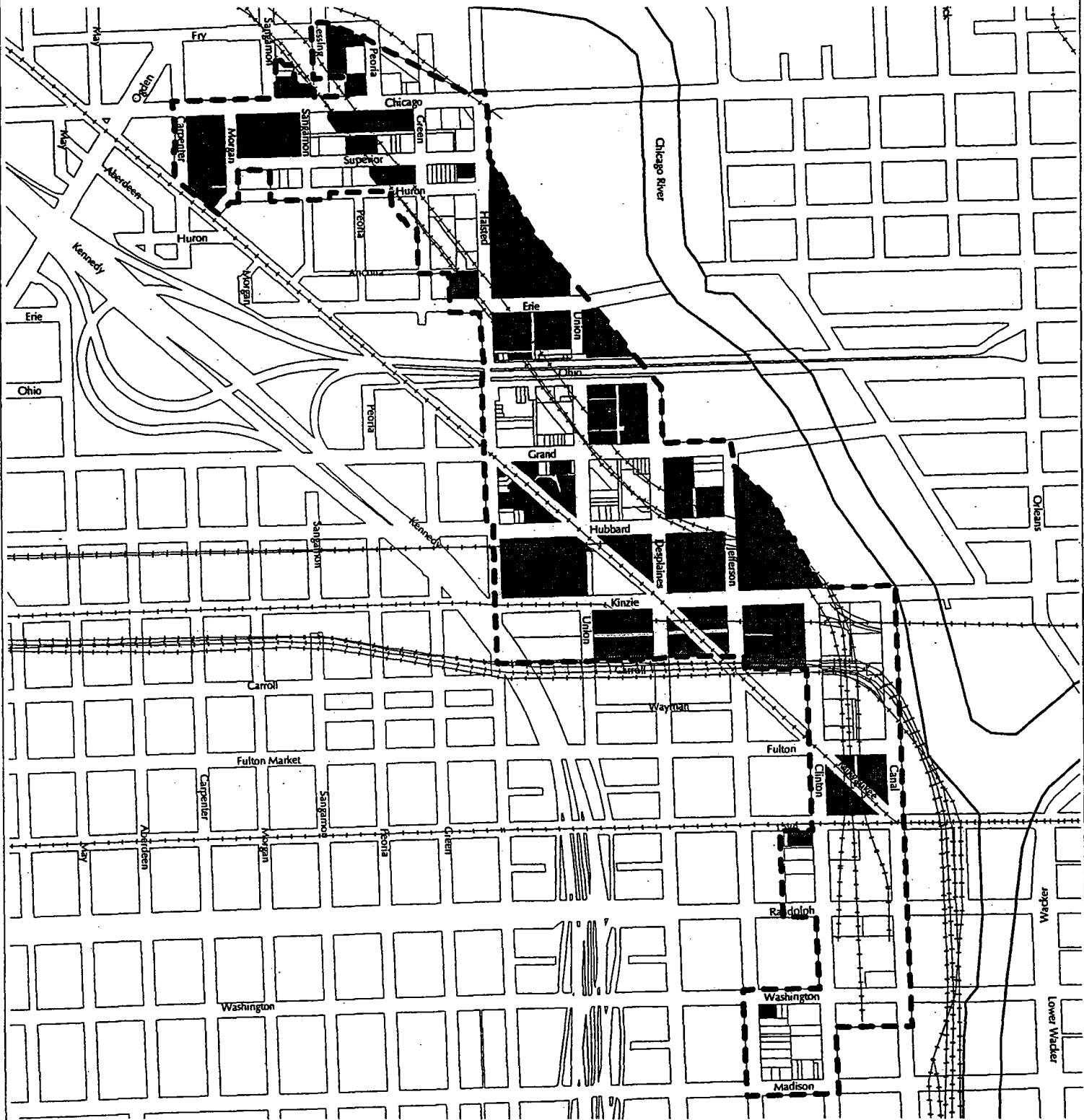
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Figure 3
Eligibility Factor - Deterioration
River West TIF District - Chicago, Illinois

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Legend

- Parcels that Exhibit Deteriorated Structures and/or Site Improvements
- Project Area

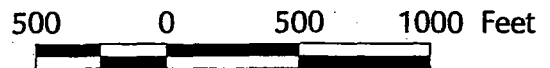


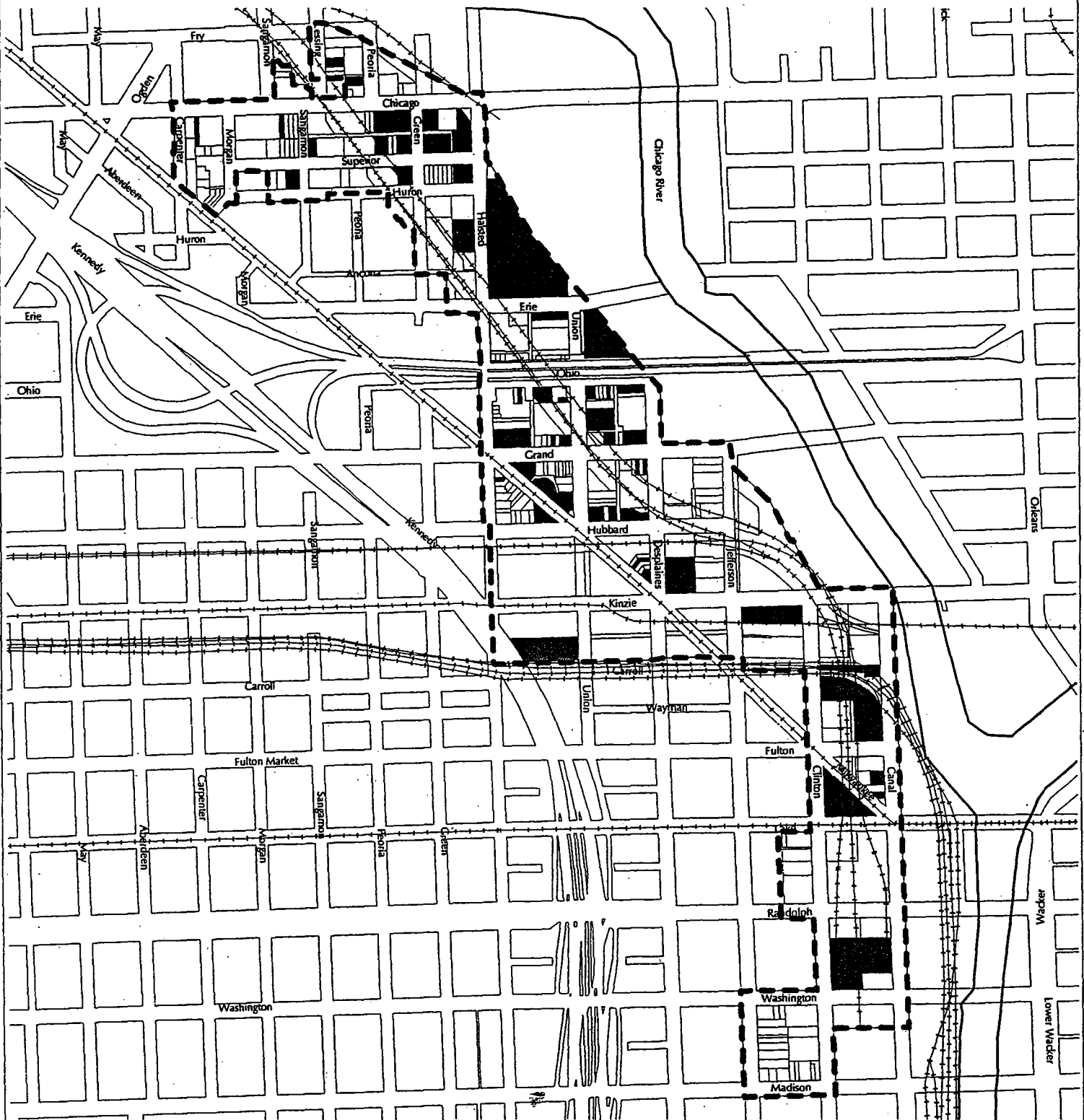
Figure 4

Eligibility Factor - Below Minimum Code Standards

River West TIF District - Chicago, Illinois

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Legend

- Parcels With Structures and Site Improvements that Violate Municipal Codes
- - - Project Area

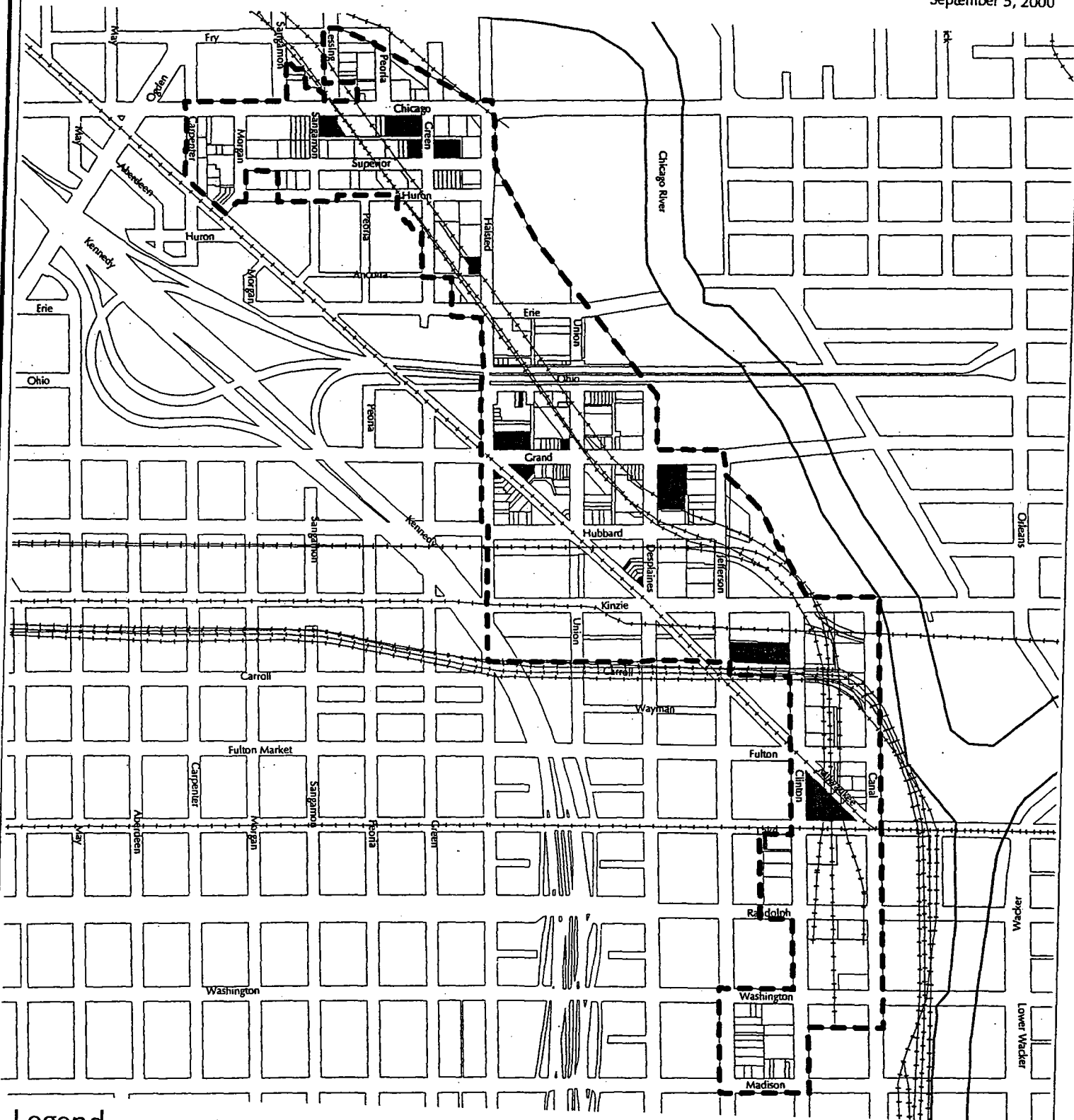
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Figure 5 Eligibility Factor - Excessive Vacancies River West TIF District - Chicago, Illinois

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Legend

- Parcels with Vacant Structures
- Project Area

500 0 500 1000 Feet



APPENDIX B:

LEGAL DESCRIPTION

LEGAL DESCRIPTION

1 A TRACT OF LAND COMPRISED OF PARTS OF THE SOUTHEAST QUARTER OF SECTION 5,
2 NORTHEAST QUARTER OF SECTION 8, NORTHWEST QUARTER AND SOUTHWEST QUARTER OF
3 SECTION 9 AND NORTHWEST QUARTER OF SECTION 16, ALL IN TOWNSHIP 39 NORTH, RANGE 14,
4 EAST OF THE THIRD PRINCIPAL MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

5 BEGINNING AT THE INTERSECTION OF THE EAST LINE OF NORTH CANAL STREET WITH SOUTH LINE
6 OF WEST KINZIE STREET IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 9
7 AFORESAID; THENCE SOUTHWARD ALONG THE EAST LINE OF SAID NORTH CANAL STREET TO THE
8 NORTH LINE OF THE SOUTH 275.06 FEET (MEASURED PERPENDICULARLY) OF BLOCK 50 IN
9 ORIGINAL TOWN OF CHICAGO, ACCORDING TO THE PLAT THEREOF RECORDED MAY 29, 1837;
10 THENCE WESTWARD ALONG SAID LINE EXTENDED EAST AND WEST TO THE EAST LINE OF NORTH
11 CLINTON STREET; THENCE SOUTHWARD ALONG SAID EAST LINE OF NORTH CLINTON STREET TO
12 THE SOUTH LINE OF WEST MADISON STREET IN THE EAST HALF OF SAID NORTHWEST QUARTER
13 OF SECTION 16; THENCE WESTWARD ALONG SAID SOUTH LINE OF WEST MADISON STREET TO THE
14 WEST LINE OF SOUTH JEFFERSON STREET; THENCE NORTHWARD ALONG SAID WEST LINE
15 (EXTENDED SOUTH AND NORTH) OF JEFFERSON STREET TO THE NORTH LINE OF WEST
16 WASHINGTON; THENCE EASTWARD ALONG THE NORTH LINE OF SAID WEST WASHINGTON STREET
17 TO THE WEST LINE OF NORTH CLINTON STREET AFORESAID; THENCE NORTHWARD ALONG SAID
18 WEST LINE OF NORTH CLINTON STREET TO THE SOUTH LINE OF WEST RANDOLPH STREET; THENCE
19 WESTWARD ALONG SAID SOUTH LINE OF WEST RANDOLPH STREET TO THE WEST LINE OF 18 FEET
20 WIDE PUBLIC ALLEY, WEST OF NORTH CLINTON STREET; THENCE NORTH ALONG SAID WEST LINE
21 OF PUBLIC ALLEY TO THE SOUTH LINE OF WEST LAKE STREET; THENCE EASTWARD ALONG THE
22 SOUTH LINE OF SAID WEST LAKE STREET TO THE WEST LINE OF NORTH CLINTON STREET
23 AFORESAID; THENCE NORTHWARD ALONG THE WEST LINE OF SAID NORTH CLINTON STREET TO
24 THE SOUTHERLY RIGHT OF WAY LINE OF METRA (FORMERLY C. M. ST. P & P RAILROAD); THENCE
25 WESTWARD ALONG SAID SOUTHERLY RIGHT OF WAY LINE TO THE EAST LINE OF NORTH
26 JEFFERSON STREET AFORESAID; THENCE NORTHWARD ALONG SAID EAST LINE OF NORTH
27 JEFFERSON STREET TO THE NORTH LINE OF WEST CARROLL AVENUE AS VACATED PER DOCUMENT
28 NO. 5507201 AND RECORDED OCTOBER 6, 1914; THENCE WESTWARD ALONG SAID NORTH LINE
29 OF VACATED WEST CARROLL AVENUE TO THE WEST LINE OF THE WEST HALF OF THE SAID
30 SOUTHWEST QUARTER OF SECTION 9, ALSO BEING THE CENTER LINE OF NORTH HALSTED
31 AVENUE, SAID POINT IS BELOW THE JOHN F. KENNEDY EXPRESSWAY; THENCE NORTHWARD
32 ALONG THE CENTER LINE OF SAID NORTH HALSTED AVENUE TO THE NORTH LINE (EXTENDED
33 EAST) OF WEST HUBBARD STREET IN THE EAST HALF OF THE NORTHEAST QUARTER OF SAID
34 SECTION 8; THENCE WESTWARD ALONG SAID NORTH LINE (EXTENDED EAST) TO THE WEST LINE
35 OF NORTH HALSTED AVENUE AFORESAID; THENCE NORTHWARD ALONG THE WEST LINE OF SAID
36 NORTH HALSTED AVENUE ACROSS WEST GRAND AVENUE, WEST OHIO STREET AND CONTINUING
37 ALONG SAID WEST LINE OF NORTH HALSTED AVENUE FOLLOWING THE WIDENING ACCORDING
38 TO DOCUMENT NO. 25274905 RECORDED DECEMBER 10, 1979 TO THE SOUTH LINE OF WEST ERIE
39 STREET, SAID POINT ALSO BEING THE NORTHEAST CORNER OF LOT 1 OF BLOCK 34 IN OGDEN'S
40 ADDITION TO CHICAGO ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 9, 1879 AS
41 DOCUMENT NO. 248024; THENCE WESTWARD ALONG THE SOUTH LINE OF SAID WEST ERIE STREET
42 TO THE WEST LINE (EXTENDED SOUTH) OF LOT 4 OF BLOCK 35 IN OGDEN'S ADDITION TO
43 CHICAGO AFORESAID; THENCE NORTHWARD ALONG THE WEST LINE (EXTENDED SOUTH) OF SAID
44 LOT 4 TO THE NORTHWEST CORNER OF SAID LOT 4; THENCE WESTWARD ALONG THE NORTH
45 LINES OF LOTS 5 AND 6 (EXTENDED WEST) OF SAID OGDEN'S ADDITION TO CHICAGO, TO THE

46 WEST LINE OF NORTH GREEN STREET; THENCE NORTHWARD ALONG THE WEST LINE OF SAID
47 NORTH GREEN STREET TO THE SOUTHERLY RIGHT OF WAY LINE OF C & N.W. RAILROAD
48 COMPANY, SAID POINT BEING 169.396 FEET SOUTH OF NORTHEAST CORNER OF BLOCK 10 IN
49 RIDGELY'S ADDITION TO CHICAGO, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 20,
50 1859 AND RE-RECORDED ON SEPTEMBER 19, 1878 AS DOCUMENT NO. 194914; THENCE WESTWARD
51 ALONG SAID SOUTHERLY RIGHT OF WAY LINE, 36.479 FEET; THENCE NORTHWESTERLY ALONG
52 SOUTHWESTERLY LINE OF SAID C & N. W. RAILROAD COMPANY, 64.86 FEET; THENCE WESTWARD
53 ALONG SOUTH LINE OF SAID C & N. W. RAILROAD COMPANY, 7.61 FEET; THENCE
54 NORTHWESTERLY ALONG SOUTHWESTERLY LINE OF SAID C & N. W. RAILROAD COMPANY, 81.64
55 FEET; THENCE NORTHWARD ALONG WEST LINE OF SAID C. & N. W. RAILROAD COMPANY TO THE
56 CENTER LINE OF WEST HURON STREET; THENCE WESTWARD ALONG SAID CENTER LINE TO THE
57 EAST LINE (EXTENDED NORTH) OF LOT 1 IN BLOCK 11 IN RIDGELY'S ADDITION TO CHICAGO
58 AFORESAID; THENCE SOUTHWARD ALONG SAID EXTENDED LINE TO THE SOUTH LINE OF WEST
59 HURON STREET AFORESAID; THENCE WESTWARD ALONG THE SOUTH LINE OF SAID HURON
60 STREET TO THE EAST LINE (EXTENDED SOUTH) OF LOT 7 OF BLOCK 4 IN SAID RIDGELY'S ADDITION
61 TO CHICAGO; THENCE NORTHWARD ALONG EAST LINE, EXTENDED SOUTH, OF SAID LOT 7 TO
62 THE SOUTH LINE OF WEST SUPERIOR STREET; THENCE WESTWARD ALONG SOUTH LINE OF SAID
63 WEST SUPERIOR STREET TO THE EAST LINE OF NORTH MORGAN STREET; THENCE SOUTHWARD
64 ALONG EAST LINE (EXTENDED SOUTH) OF SAID NORTH MORGAN STREET TO THE SOUTH LINE OF
65 WEST HURON STREET AFORESAID; THENCE WESTWARD ALONG THE SOUTH LINE OF SAID HURON
66 STREET TO THE SOUTHEASTERLY LINE OF NORTH MORGAN STREET; THENCE SOUTHWESTERLY
67 ALONG SAID SOUTHEASTERLY LINE OF NORTH MORGAN STREET TO THE NORTHEASTERLY LINE
68 OF NORTH MILWAUKEE AVENUE; THENCE NORTHWESTERLY ALONG THE NORTHEASTERLY LINE
69 OF SAID NORTH MILWAUKEE AVENUE TO THE WEST LINE OF CARPENTER STREET; THENCE
70 NORTHWARD ALONG THE WEST LINE OF SAID NORTH CARPENTER STREET TO THE SOUTH LINE
71 OF 7 FEET WIDE STRIP OF LAND VACATED PER DOCUMENT NO. 21958575 AND RECORDED ON
72 JUNE 29, 1972; THENCE EASTWARD ALONG SAID VACATED LINE, 7 FEET; THENCE NORTHWARD
73 ALONG THE EAST LINE OF SAID VACATED LINE TO THE SOUTH LINE (AS WIDENED) OF WEST
74 CHICAGO AVENUE, SAID SOUTH LINE OF WEST CHICAGO AVENUE BEING 40 FEET SOUTH OF THE
75 NORTH LINE OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 8 AFORESAID, THENCE
76 WESTWARD ALONG THE SOUTH LINE OF SAID WEST CHICAGO AVENUE TO THE WEST LINE
77 (EXTENDED SOUTH) OF 66 FEET WIDE NORTH CARPENTER STREET AFORESAID; THENCE
78 NORTHWARD ALONG THE WEST LINE (EXTENDED SOUTH) OF SAID NORTH CARPENTER STREET TO
79 THE NORTH LINE OF SAID WEST CHICAGO AVENUE; THENCE EASTWARD ALONG NORTH LINE OF
80 SAID WEST CHICAGO AVENUE TO THE EAST LINE OF NORTH SANGAMON STREET; THENCE
81 NORTHWARD ALONG THE EAST LINE OF SAID NORTH SANGAMON STREET TO THE
82 SOUTHWESTERLY RIGHT OF WAY LINE OF C. & N. W. RAILROAD COMPANY; THENCE
83 SOUTHEASTERLY ALONG SAID SOUTHWESTERLY RIGHT OF WAY LINE OF C. & N. W. RAILROAD
84 COMPANY TO THE WEST LINE OF NORTH LESSING STREET; THENCE SOUTHWARD ALONG SAID
85 WEST LINE OF NORTH LESSING STREET TO THE NORTH LINE OF WEST CHICAGO AVENUE; THENCE
86 EASTWARD ACROSS SAID WEST CHICAGO AVENUE TO THE SOUTHWEST CORNER OF LOT 10 IN J.A.
87 YALE'S RESUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED APRIL 25, 1873 AS
88 DOCUMENT 94836; THENCE EASTWARD ALONG SOUTH LINE OF LOTS 7, 8, 9 AND 10, SAID LINE
89 ALSO BEING THE NORTH LINE OF WEST CHICAGO AVENUE, TO THE SOUTHEAST CORNER OF SAID
90 LOT 7 IN SAID J.A. YALE'S RESUBDIVISION; THENCE NORTH ALONG EAST LINE OF SAID LOT 7 TO
91 THE NORTHEAST CORNER OF SAID LOT 7, SAID CORNER ALSO BEING ON THE SOUTH LINE OF 16
92 FEET WIDE PUBLIC ALLEY; THENCE WESTWARD ALONG SOUTH LINE (EXTENDED WEST) OF SAID 16
93 FEET WIDE PUBLIC ALLEY TO THE WEST LINE OF NORTH LESSING STREET; THENCE NORTHWARD
94 ALONG THE WEST LINE OF SAID NORTH LESSING STREET TO THE SOUTHWESTERLY RIGHT OF WAY
95 LINE OF C. & N. W. RAILROAD COMPANY (NORTH OF WEST FRY STREET); THENCE SOUTHEASTERLY

96 ALONG SAID SOUTHWESTERLY RIGHT OF WAY LINE OF C. & N. W. RAILROAD COMPANY TO THE
97 NORTH LINE OF WEST CHICAGO AVENUE AFORESAID; THENCE EASTWARD ALONG THE NORTH
98 LINE OF SAID WEST CHICAGO AVENUE, CROSSING NORTH HALSTED STREET TO THE EAST LINE OF
99 NORTH HALSTED STREET; THENCE SOUTHWARD ALONG THE EAST LINE OF NORTH HALSTED
100 STREET TO THE SOUTHWESTERLY LINE OF C. & N. W. RAILROAD COMPANY; THENCE
101 SOUTHEASTERLY ALONG SAID SOUTHWESTERLY LINE OF C. & N. W. RAILROAD COMPANY TO THE
102 EAST LINE OF NORTH DES PLAINES STREET; THENCE SOUTHWARD ALONG EAST LINE OF SAID
103 NORTH DES PLAINES STREET TO THE NORTH LINE OF WEST GRAND AVENUE; THENCE EASTWARD
104 ALONG THE NORTH LINE OF SAID WEST GRAND AVENUE TO THE SOUTHWEST CORNER OF LOT
105 15 IN WABANSIA IN SECTION 9 (ANTE FIRE); THENCE SOUTHWARD ACROSS SAID WEST GRAND
106 AVENUE TO A POINT OF INTERSECTION OF SOUTH LINE OF SAID WEST GRAND AVENUE WITH EAST
107 LINE OF NORTH JEFFERSON STREET; THENCE SOUTH ALONG SAID EAST LINE OF NORTH JEFFERSON
108 STREET, 88.89 FEET; THENCE SOUTHEASTERLY ALONG SOUTHWESTERLY LINE OF PROPERTY
109 HAVING PERMANENT INDEX NO. 17-09-112-018 TO A JOG IN SAID SOUTHWESTERLY LINE; THENCE
110 NORTHEASTERLY ALONG SAID JOG LINE, 11.38 FEET; THENCE SOUTHEASTERLY ALONG
111 SOUTHWESTERLY LINE OF SAID PROPERTY TO THE NORTH LINE OF WEST KINZIE STREET; THENCE
112 EASTWARD ALONG NORTH LINE OF SAID WEST KINZIE STREET TO THE SOUTHWESTERLY LINE OF
113 THE NORTH BRANCH OF THE CHICAGO RIVER; THENCE SOUTHWARD TO THE POINT OF
114 BEGINNING, ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

APPENDIX C:

1999 EQUALIZED ASSESSED VALUE BY TAX PARCEL

1999 EQUALIZED ASSESSED VALUE BY TAX PARCEL

PIN	1999 EAV
17-05-423-006	207,629
17-05-423-009	75,437
17-05-424-001	75,522
17-05-424-002	243,054
17-05-424-003	96,594
17-05-424-004	24,123
17-05-424-005	22,822
17-05-424-006	0
17-05-424-007	114,778
17-05-424-008	1,386
17-05-424-011	162,846
17-05-424-012	32,641
17-05-424-013	14,757
17-05-425-007	44,886
17-05-425-008	40,331
17-05-425-009	5,658
17-05-425-010	17,399
17-05-425-019	61,927
17-08-207-002	32,675
17-08-207-006	87,398
17-08-207-011	48,766
17-08-207-012	104,011
17-08-207-013	21,405
17-08-207-014	181,892
17-08-207-015	24,373
17-08-207-016	48,032
17-08-207-017	49,682
17-08-207-018	51,545
17-08-207-019	40,779
17-08-207-020	79,062
17-08-207-021	10,111
17-08-207-022	197,918
17-08-207-023	21,047
17-08-208-011	42,051
17-08-208-012	42,687
17-08-208-013	16,264
17-08-208-014	17,061
17-08-208-015	237,344
17-08-208-016	88,172
17-08-208-017	12,522
17-08-208-018	12,828
17-08-208-019	12,828
17-08-208-020	13,087
17-08-208-021	420,645

17-08-209-003	9,398
17-08-209-004	18,105
17-08-209-005	552,586
17-08-209-006	110,288
17-08-209-010	0
17-08-209-011	79,197
17-08-209-012	64,569
17-08-209-013	64,569
17-08-209-014	476,728
17-08-209-015	151,720
17-08-209-016	704,179
17-08-209-017	0
17-08-210-001	305,721
17-08-210-004	249,769
17-08-210-006	1,817,328
17-08-210-008	656,219
17-08-210-009	65,364
17-08-212-003	121,174
17-08-212-004	169,026
17-08-212-005	312,768
17-08-213-001	89,604
17-08-213-002	31,575
17-08-213-004	355,435
17-08-213-005	64,821
17-08-213-006	0
17-08-214-001	17,993
17-08-214-002	17,993
17-08-214-003	17,993
17-08-214-004	27,737
17-08-214-005	17,993
17-08-214-006	14,396
17-08-214-007	303,559
17-08-214-008	16,759
17-08-223-004	191,371
17-08-223-007	202,135
17-08-223-009	167,500
17-08-223-010	0
17-08-223-011	0
17-08-223-012	52,437
17-08-223-013	30,746
17-08-223-015	0
17-08-227-004	6,326
17-08-227-005	0
17-08-227-006	12,470
17-08-501-001	0

PIN	1999 EAV
17-09-100-011	1,022,600
17-09-100-013	0
17-09-100-015	1,775,753
17-09-100-020	15,553
17-09-101-002	0
17-09-101-003	0
17-09-101-004	0
17-09-101-005	0
17-09-101-006	304,652
17-09-101-007	304,652
17-09-101-008	913,962
17-09-101-009	0
17-09-101-010	0
17-09-101-011	0
17-09-101-012	0
17-09-101-013	45,885
17-09-101-014	0
17-09-102-004	0
17-09-102-005	28,602
17-09-102-009	110,686
17-09-102-010	137,294
17-09-102-016	0
17-09-102-017	8,228
17-09-102-018	963
17-09-102-022	15,672
17-09-102-023	14,158
17-09-102-024	33,258
17-09-102-025	14,378
17-09-102-026	10,811
17-09-102-027	196,766
17-09-102-028	6,169
17-09-102-029	24,526
17-09-102-030	49,959
17-09-102-031	0
17-09-102-032	1,575
17-09-102-033	0
17-09-102-039	13,312
17-09-102-040	13,165
17-09-102-041	14,797
17-09-102-042-1001	23,218
17-09-102-042-1002	16,539
17-09-102-042-1003	17,270
17-09-102-042-1004	21,762
17-09-102-042-1005	19,005
17-09-102-042-1006	17,853
17-09-102-042-1007	15,094

17-09-102-042-1008	14,511
17-09-102-042-1009	24,080
17-09-102-042-1010	17,122
17-09-102-042-1011	24,717
17-09-102-042-1012	30,735
17-09-102-042-1013	16,831
17-09-102-042-1014	17,561
17-09-102-042-1015	17,705
17-09-102-042-1016	22,201
17-09-102-042-1017	17,414
17-09-102-042-1018	16,539
17-09-102-042-1019	19,298
17-09-102-042-1020	18,144
17-09-102-042-1021	15,243
17-09-102-042-1022	14,511
17-09-102-042-1023	19,442
17-09-102-042-1024	22,201
17-09-102-042-1025	21,909
17-09-102-042-1026	21,909
17-09-102-042-1027	16,249
17-09-102-042-1028	22,201
17-09-102-042-1029	31,930
17-09-102-042-1030	17,853
17-09-102-042-1031	17,853
17-09-102-042-1032	18,420
17-09-102-042-1033	22,784
17-09-102-042-1034	17,853
17-09-102-042-1035	17,270
17-09-102-042-1036	19,588
17-09-102-042-1037	19,494
17-09-102-042-1038	15,243
17-09-102-042-1039	14,804
17-09-102-042-1040	19,735
17-09-102-042-1041	22,201
17-09-102-042-1042	22,201
17-09-102-042-1043	22,201
17-09-102-042-1044	16,539
17-09-102-042-1045	22,928
17-09-102-042-1046	19,881
17-09-102-042-1047	18,276
17-09-102-042-1048	15,387
17-09-102-042-1049	14,658
17-09-102-042-1050	19,881
17-09-102-042-1051	22,784
17-09-102-042-1052	23,657
17-09-102-042-1053	22,636

PIN	1999 FAV
17-09-102-042-1054	17,122
17-09-102-042-1055	23,367
17-09-102-042-1056	21,326
17-09-102-042-1057	19,588
17-09-102-042-1058	15,517
17-09-102-042-1059	14,950
17-09-102-042-1060	20,171
17-09-102-042-1061	23,657
17-09-102-042-1062	24,519
17-09-102-042-1063	23,074
17-09-102-042-1064	17,414
17-09-102-042-1065	24,519
17-09-102-042-1066	1,733
17-09-102-042-1067	1,733
17-09-102-042-1068	1,733
17-09-102-042-1069	1,733
17-09-102-042-1070	1,733
17-09-102-042-1071	1,733
17-09-102-042-1072	1,733
17-09-102-042-1073	1,733
17-09-102-042-1074	1,733
17-09-102-042-1075	1,733
17-09-102-042-1076	1,733
17-09-102-042-1077	1,733
17-09-102-042-1078	1,733
17-09-102-042-1079	1,733
17-09-102-042-1080	1,733
17-09-102-042-1081	1,733
17-09-102-042-1082	1,733
17-09-102-042-1083	1,733
17-09-102-042-1084	1,017
17-09-102-042-1085	1,017
17-09-102-042-1086	1,017
17-09-102-042-1087	1,017
17-09-102-042-1088	1,017
17-09-102-042-1089	1,017
17-09-102-042-1090	1,017
17-09-102-042-1091	1,017
17-09-102-042-1092	1,017
17-09-102-042-1093	1,017
17-09-102-042-1094	1,017
17-09-102-042-1095	1,017
17-09-102-042-1096	1,017
17-09-102-042-1097	1,017
17-09-103-001	106,030
17-09-103-002	123,800

17-09-103-003	61,211
17-09-103-004	61,211
17-09-103-005	62,820
17-09-103-006	51,352
17-09-103-007	77,572
17-09-103-008	0
17-09-103-009	0
17-09-103-011	18,789
17-09-103-012	109,797
17-09-103-018	0
17-09-103-025	26,668
17-09-103-031	0
17-09-103-033	6,621
17-09-103-034	0
17-09-103-035	0
17-09-103-036	0
17-09-103-037	5,773
17-09-104-001	148,758
17-09-104-002	288,627
17-09-104-003	43,516
17-09-104-004	31,226
17-09-104-005	16,973
17-09-104-006	27,544
17-09-104-007	4,033
17-09-104-008	38,306
17-09-104-009	8,705
17-09-104-010	9,673
17-09-104-011	10,062
17-09-104-012	57,836
17-09-104-013	57,869
17-09-104-020	38,945
17-09-104-021	24,688
17-09-104-024	301,992
17-09-105-001	28,629
17-09-105-002	21,211
17-09-105-003	23,905
17-09-105-004	26,785
17-09-105-005	29,581
17-09-105-006	19,298
17-09-105-007	31,759
17-09-105-008	25,350
17-09-105-009	25,692
17-09-105-013	42,323
17-09-105-014	51,960
17-09-105-015	107,578
17-09-105-016	10,307

PIN	1999 EAV
17-09-105-017	10,307
17-09-105-028	146,463
17-09-105-029	24,211
17-09-105-030	37,642
17-09-105-031	73,861
17-09-105-032	71,564
17-09-106-004	19,854
17-09-106-005	114,895
17-09-106-006	74,260
17-09-106-007	99,463
17-09-106-008	20,833
17-09-106-009	275,191
17-09-106-011	5,822
17-09-106-012	37,244
17-09-106-013	26,011
17-09-106-014	58,313
17-09-106-017	0
17-09-106-020	246,468
17-09-106-021	0
17-09-106-022	81,353
17-09-106-023	21,850
17-09-106-025	138,415
17-09-106-026	0
17-09-106-027	11,298
17-09-107-001	526,588
17-09-107-004	22,870
17-09-107-005	22,870
17-09-107-006	45,636
17-09-107-007	20,795
17-09-107-008	21,308
17-09-107-009	35,628
17-09-107-010	4,654
17-09-107-011	0
17-09-107-012	0
17-09-107-013	5,097
17-09-107-020	0
17-09-108-003	1,411,318
17-09-108-004-6001	0
17-09-108-004-6002	0
17-09-109-001	0
17-09-109-002	32,171
17-09-109-003	0
17-09-109-004	16,487
17-09-109-005	13,832
17-09-109-006	31,370
17-09-109-007	5,273

17-09-109-008	25,955
17-09-109-009	126,163
17-09-110-002	591,848
17-09-110-003	0
17-09-111-008	286,048
17-09-111-009	298,860
17-09-111-012	0
17-09-111-014	0
17-09-111-015	85,821
17-09-111-016	1,141,321
17-09-112-014	219,187
17-09-112-015	66,169
17-09-112-019	0
17-09-112-020	14,354
17-09-300-007	770,355
17-09-300-008	0
17-09-300-009	422,183
17-09-301-002	0
17-09-301-006	295,209
17-09-302-002	0
17-09-302-006	402,405
17-09-303-002	633,153
17-09-303-009	313,441
17-09-303-020	569,383
17-09-303-021	0
17-09-305-004	0
17-09-305-005	0
17-09-305-010	677,166
17-09-305-013	37,869
17-09-305-014	261,936
17-09-305-018	0
17-09-305-021	753,949
17-09-305-022	61,380
17-09-305-024	35,236
17-09-305-026	28,221
17-09-305-028-6001	0
17-09-305-028-6002	0
17-09-305-031	0
17-09-305-032	0
17-09-305-033-6001	0
17-09-305-033-6002	0
17-09-305-034	0
17-09-305-035	63,394
17-09-305-037	18,580
17-09-305-039	2,784
17-09-305-040	50,611

PIN	1999 EAV
17-09-305-041	0
17-09-305-042	102,164
17-09-305-043	41,938
17-09-305-044	0
17-09-316-001	237,236
17-09-317-001	316,270
17-09-317-003	303,435
17-09-317-004	105,287
17-09-317-005	27,393
17-09-317-006	226,187
17-09-317-007	372,446
17-09-323-004	174,911
17-09-323-005	323,953
17-09-323-006	1,664,146
17-09-323-007	492,225
17-09-323-008	4,852,710
17-09-324-003	0
17-09-324-004	0
17-09-324-005	0
17-09-324-007	0
17-09-333-003	0
17-09-333-004	0
17-09-333-005	0
17-09-333-006	0
17-09-333-007	0
17-09-333-008	0
17-09-333-009	0
17-09-333-010-8001	0
17-09-333-010-8002	2
17-09-341-001	263,104
17-09-341-002	87,700
17-09-341-003	88,042
17-09-341-004	238,690
17-09-341-005	264,841
17-09-341-006	88,278
17-09-341-007	176,561
17-09-341-008	252,232
17-09-341-009	315,291
17-09-341-010	317,438
17-09-341-011	134,841
17-09-341-012	107,871
17-09-341-013	161,809
17-09-341-014	729,824
17-09-341-015	353,124
17-09-341-016	814,181
17-09-341-017	120,735

17-09-341-018	83,282
17-09-341-022	77,730
17-09-341-023	111,240
17-09-341-024	297,759
17-09-342-003	0
17-09-342-004	1,680,329
17-09-342-005	2,977,641
17-09-305-030	17,669
Total	50,458,368

EXHIBIT E
CONSTRUCTION CONTRACT

[See attached]

EXHIBIT F

[INTENTIONALLY DELETED]

**EXHIBIT G
PERMITTED LIENS**

1. General real estate taxes not yet due and owing.
2. Covenants, restrictions, conditions and agreements contained in the Redevelopment Agreement between the City of Chicago, a municipal corporation, and Water Saver Faucet Co., an Illinois corporation, dated November 9, 2012, and recorded December
11, 2012 as document number 123464403.
3. Terms, provisions, conditions and agreements contained in deed from Chicago and Northwestern Railway Company to Joanne M. Jennings recorded March 16, 1970 as document 21112132 providing that the land shall be left free from buildings, structures and shrubbery and that the grantor in said deed may enter upon the land for the purpose of inspecting, repair, maintenance and renewal of its is retaining wall.

(Affects the South 5 feet of the West 20.24 feet of Lot 6 except the South 22 feet thereof as aforesaid.)

4. Reservation in favor of Union Pacific Railroad Company, a Delaware corporation, its successors and assigns, forever, as contained in Quitclaim Deed recorded September 10, 2008 as document 0825433018, of all minerals and all mineral rights of every kind and character "now known to exist or hereafter discovered" underlying the land, and the terms and provision thereof.

(Affects that part of Lots 1, 4 and 5 in the subdivision of Lots 11 and 12 in Block 76 aforesaid and that part of Lots 3 and 4 in the subdivision of Lots 9 and 10 in Block 76 aforesaid that are included in the Land)

5. Reservation of a non-exclusive perpetual easement over and across the land for the purpose of vehicular and pedestrian ingress and egress to grantor's adjacent railroad right-of-way property as contained in Quitclaim Deed made by Union Pacific Railroad Company, a Delaware corporation, recorded September 10, 2008 as document 0825433018, and the terms and provisions thereof.

(Affects that part of Lots 1, 4 and 5 in the subdivision of Lots 11 and 12 in Block 76 aforesaid and that part of Lots 3 and 4 in the subdivisions of Lots 9 and 10 in Block 76 aforesaid that are included in the Land)

6. Reservation of a right-of-way in favor of the City of Chicago for existing water main and for installation of any additional water or other municipally-owned service facilities and for ingress and egress rights for purposes of maintenance, renewal and reconstruction of such facilities, and the terms and provisions thereof, as contained in Vacation Ordinance recorded October 1, 2009 as document 0927445004.

(Affects vacated North Union Avenue)

7. Reservation of a right-of-way in favor of the City of Chicago for existing sewer and for installation of any additional sewers or other municipally-owned service facilities and for ingress and egress rights for purposes of maintenance, renewal and reconstruction of such facilities, and the terms and provisions thereof, as contained in Vacation Ordinance recorded October 1, 2009 as document 0927445004.

(Affects vacated North Union Avenue and vacated West Erie Street)

8. Reservation of a right-of-way in favor of the City of Chicago for existing street lighting facilities and for installation of any additional street lighting or other municipally-owned service facilities and for ingress and egress rights for purposes of maintenance, renewal and reconstruction of such facilities, and the terms and provisions thereof, as contained in Vacation Ordinance recorded October 1, 2009 as document 0927445004.

(Affects vacated North Union Avenue)

9. Reservation of a non-exclusive easement in favor of The Peoples Gas Light and Coke Company to construct, operate, maintain repair, renew, replace and abandon in place new or existing underground facilities with the right of ingress and egress, and the terms and provisions thereof, as contained in Vacation Ordinance recorded October 1, 2009 as document 0927445004.

(Affects vacated West Erie Street and the North 40 feet of vacated North Union Avenue)

10. Reservation of a non-exclusive easement in favor of AT&T Illinois to operate, maintain, reconstruct, replace and renew underground facilities with the right of ingress and egress, and terms and provisions thereof, as contained in Vacation Ordinance recorded October 1, 2009 as document 0927445004.

(Affects vacated West Erie Street and the North 30 feet of vacated North Union Avenue)

11. Reservation of a non-exclusive easement in favor of Commonwealth Edison Company to construct, operate, maintain, repair, renew, relocate, replace, rebuild, enlarge, use and remove new or existing facilities with the right of ingress and egress, and the terms and provisions thereof, as contained in Vacation Ordinance recorded October 1, 2009 as document 0927445004.

(Affects the East 40 feet of vacated West Erie Street and the North Union Avenue)

12. Restrictive Covenant executed by Water Saver Faucet Company and The Chicago Title Land Trust Company, as trustee under trust agreement dated December 24, 1968 and known as trust number 27694, dated September 22, 2009 and recorded October 1, 2009 as document 0927445005, and the terms and provisions therein contained including those providing that (1) part of the Land shall not be used for any use or purpose other than manufacturing, transportation, wholesale, research and development as more particularly described in Exhibit B to said instrument, (2) the covenant shall run with the land and be enforceable by the City of Chicago, and (3) in the event of violation of restrictions contained therein and upon notice and recording of notice the land shall be deemed to be conveyed to the City of Chicago.

(Affects vacated West Erie Street, vacated North Union Avenue, the vacated North and South alley and the vacated East and West alley)

13. Terms, provisions, conditions and limitations of the trust agreement pursuant to which title to the Land is held.

14. Adverse encroachment of concrete retaining wall and iron fence located mainly on property Westerly and adjoining over the Westerly line and onto the Land by various distances as disclosed by survey made by Professionals Associated Surveys, Inc., Order No. 09-81928, dated October 17, 2012
15. Easement Deed by Court Order in Settlement of Landowner Action arising out of Civil Action No. 05 C 1008 in the United States District Court for the Northern District of Illinois recorded July 18, 2012 as document 1220029093 disclosing and granting a perpetual, non-exclusive easement for Telecommunications Cable System in favor of Sprint Communications Company L.P. and other parties named therein, and the terms, provisions and conditions contained therein.
- (Affects Parcel 1)
16. Perpetual right and privilege, contained in deed from Chicago and Northwestern Railroad Company to Abe Allen recorded as document 16881766, to enter in and upon the Southwesterly and Westerly 10 feet of the land for the purpose of reconstructing, relocating, and maintaining the retaining wall of the Chicago Northwestern Railroad Company located on the property owned by it and immediately adjacent and along the Land.
- (Affects Parcel 2)
17. Terms, provisions, conditions contain in Illinois Environmental Protection Agency Environmental No Further Remediation Letter recorded August 10, 2009 as document 0922229077.

EXHIBIT H-1
PROJECT BUDGET

<u>Sources</u>	<u>Amount</u>	<u>% of total</u>
Equity	\$26,227,785	100%
<u>Uses</u>	<u>Amount</u>	
Acquisition (Union Pacific Parcel)	\$310,035	
Construction of 45,000 square foot addition	13,042,645	
Rehabilitation of 79,000 square foot building	8,237,364	
Construction of Retaining Walls	400,030	
Preconstruction Costs/Professional Soft Costs	1,774,317	
Site Improvements/Permits	858,336	
Construction Related Costs	172,060	
Other Costs	<u>1,432,998</u>	
Total Uses	<u>\$26,227,785</u>	

EXHIBIT H-2

MBE/WBE BUDGET*

Hard Construction Costs	\$15,152,352
MBE (24% of Hard Construction Costs)	\$3,636,564
WBE (4% of Hard Construction Costs)	\$606,094

***Budget is subject to change based upon any design and scope changes.**

EXHIBIT I

APPROVED PRIOR EXPENDITURES

Site Acquisition (Union Pacific Parcel)	\$310,035.00
Construction Costs	20,728,416.10
Construction of Retaining Walls	418,868.00
Preconstruction Costs	1,616,423.00
Site Improvements/Permits	517,086.00
Construction Related Costs	1,432,525.90

Total Prior Expenditures Uses \$25,023,354.00

EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

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

City of Chicago
121 North LaSalle Street
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to WaterSaver Faucet, Co., an Illinois corporation (the "**Developer**"), in connection with the purchase of certain land and the construction and rehabilitation of certain facilities thereon located in the River West Redevelopment Project Area (the "**Project**"). In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "**Documents**":

- (a) WaterSaver Faucet Co. Redevelopment Agreement (the "**Agreement**") of even date herewith, executed by the Developer and the City of Chicago (the "**City**");
- (b) [insert other documents including but not limited to documents related to purchase and financing of the Property and all lender financing related to the Project]; and
- (c) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, we have examined

- (a) the original or certified, conformed or photostatic copies of the Developer's (i) Articles of Incorporation, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which the Developer is qualified to do business, (iii) By-Laws, as amended to date, and (iv) records of all corporate proceedings relating to the Project [revise if the Developer is not a corporation]; and
- (b) such other documents, records and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, we have assumed the genuineness of all signatures (other than those of the Developer), the authenticity of documents submitted to us as originals and conformity to the originals of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, it is our opinion that:

1. The Developer is a limited liability company duly organized, validly existing and in good standing under the laws of its state of organization, has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign entity under the laws of every state in which the conduct of its affairs or the ownership of its assets requires such qualification, except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business.

2. The Developer has full right, power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, the Developer's Articles of Organization or result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of our knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which the Developer is a party or by which the Developer or its properties is bound. To the best of our knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which the Developer is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing, other than liens or security interests in favor of the lender providing Lender Financing (as defined in the Agreement).

3. The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite action on the part of the Developer.

4. Each of the Documents to which the Developer is a party has been duly executed and delivered by a duly authorized officer of the Developer, and each such Document constitutes the legal, valid and binding obligation of the Developer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5. To the best of our knowledge after diligent inquiry, no judgments are outstanding against the Developer, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or affecting the Developer or its property, or seeking to restrain or enjoin the performance by the Developer of the Agreement or the transactions contemplated by the Agreement, or contesting the validity thereof. To the best of our knowledge after diligent inquiry, the Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Developer or its business.

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

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

8. The execution, delivery and performance of the Documents by the Developer have not and will not require the consent of any person or the giving of notice to, any exemption by, any registration, declaration or filing with or any taking of any other actions in respect of, any person, including without limitation any court, government or regulatory authority.

9. To the best of our knowledge after diligent inquiry, the Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

10. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

We are attorneys admitted to practice in the State of Illinois and we express no opinion as to any laws other than federal laws of the United States of America and the laws of the State of Illinois.

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

Very truly yours,

DALEY & GEORGE, LTD.

By: _____

Name: _____

EXHIBIT K

PRELIMINARY TIF PROJECTION-- REAL ESTATE TAXES

[See attached]

City of Chicago
Watersaver Redevelopment - River West TIF
Preliminary Tax Pro Forma
Class 6 Assumed

EXHIBIT K
PRELIMINARY TIF PROJECTIONS

Levy Year: 2010 2011 2012 2013 2014 2015 2016 2017 2018

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unit	Actual	Actual	Forecast							
Minimum Assessed Value					3,313,073	2,982,367	4,110,258	4,213,517	4,213,517	4,537,497	4,537,497	4,537,497	4,886,388	
I. Incremental Property Taxes:														
a) Base EAV					1,819,834	1,819,834	1,819,834	1,819,834	1,819,834	1,819,834	1,819,834	1,819,834	1,819,834	
b) Incremental EAV					1,493,239	1,162,533	2,290,424	2,393,683	2,393,683	2,717,663	2,717,663	2,717,663	3,066,554	
c) Tax Rate =	5.455%	2011			4.931%	5.455%	5.455%	5.455%	5.455%	5.455%	5.455%	5.455%	5.455%	
d) Total Est. Incremental Property Taxes					0	81,456	63,416	124,943	130,575	130,575	148,249	148,249	148,249	
e) Cumulative Incremental Property Taxes					0	81,456	144,872	269,815	400,390	530,966	679,214	827,463	975,711	
II. Total Incremental Taxes For Redevelopment Costs														
a) Incremental Property Taxes @ 90%					0	73,311	57,075	112,448	117,518	117,518	133,424	133,424	133,424	
b) Cumulative Property Taxes					0	73,311	130,385	242,833	360,351	477,869	611,293	744,717	878,140	
III. Net Present Value of Increment @ 90%														
a) NPV of Cumulative Incremental Property Taxes @	7.00%				0	64,032	110,622	196,408	280,197	358,504	441,584	519,248	591,821	
b) NPV of Cumulative Incremental Property Taxes @	7.25%				0	63,734	109,999	194,988	277,805	355,023	436,766	512,984	584,049	
c) NPV of Cumulative Incremental Property Taxes @	7.50%				0	63,438	109,381	193,582	276,440	351,587	432,009	508,820	576,412	
<i>Estimated Base Taxes</i>														
<i>Estimated Total Annual Taxes - TIF and Base Taxes</i>					0	99,272	99,272	99,272	99,272	99,272	99,272	99,272	99,272	99,272
					0	180,728	162,688	224,215	229,847	229,847	247,520	247,520	247,620	

City of Chicago
Watersaver Redevelopment - River West TIF
Preliminary Tax Pro Forma
Class 6 Assumed

EXHIBIT K
PRELIMINARY TIF PROJECTIONS

TIF Ends Last Prmt.

Levy Year: 2019 2020 2021 2022 2023 2024 2025

Component Name	Project Description	Class Code	Sq. Ft./ # Units	Market Value Sq. Ft./Unk							
Minimum Assessed Value					4,886,388	4,886,388	5,262,105	7,329,582	9,748,344	13,122,375	13,122,375
I. Incremental Property Taxes:											
a) Base EAV					1,819,834	1,819,834	1,819,834	1,819,834	1,819,834	1,819,834	1,819,834
b) Incremental EAV					3,066,554	3,066,554	3,442,271	5,509,748	7,928,510	11,302,541	11,302,541
c) Tax Rate =	5.455%	2011			5.455%	5.455%	5.455%	5.455%	5.455%	5.455%	5.455%
d) Total Est. Incremental Property Taxes					167,281	167,281	167,281	187,776	300,557	432,500	616,554
e) Cumulative Incremental Property Taxes					1,142,992	1,310,272	1,477,553	1,665,329	1,965,886	2,398,386	3,014,939
ii. Total Incremental Taxes For Redevelopment Costs											
a) Incremental Property Taxes @ 90%					150,552	150,552	150,552	168,998	270,501	389,250	554,898
b) Cumulative Property Taxes					1,028,693	1,179,245	1,329,798	1,498,796	1,769,297	2,158,547	2,713,445
iii. Net Present Value of Increment @ 90%											
a) NPV of Cumulative Incremental Property Taxes @	7.00%				668,354	739,881	806,728	876,856	981,781	1,122,843	1,310,907
b) NPV of Cumulative Incremental Property Taxes @	7.25%				658,817	728,530	793,531	861,564	963,097	1,099,326	1,280,400
c) NPV of Cumulative Incremental Property Taxes @	7.50%				649,459	717,410	780,620	848,624	944,901	1,076,454	1,250,907
<i>Estimated Base Taxes</i>					99,272	99,272	99,272	99,272	99,272	99,272	99,272
<i>Estimated Total Annual Taxes - TIF and Base Taxes</i>					266,552	266,552	266,552	287,048	399,829	531,772	715,826

EXHIBIT L

REQUISITION FORM

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

The affiant, _____, _____ of WaterSaver Faucet Co., an Illinois corporation (the "**Developer**"), hereby certifies that with respect to that certain WaterSaver Faucet Co. Redevelopment Agreement between the Developer and the City of Chicago dated _____, _____ (the "**Agreement**"):

A. Expenditures for the Project, in the total amount of \$ _____, have been made:

B. This paragraph B sets forth and is a true and complete statement of all costs of TIF-Funded Improvements for the Project reimbursed by the City to date:

\$ _____

C. The Developer requests reimbursement for the following cost of TIF-Funded Improvements:

\$ _____

D. None of the costs referenced in paragraph C above have been previously reimbursed by the City.

E. The Developer hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Redevelopment Agreement are true and correct and the Developer is in compliance with all applicable covenants contained herein.

2. No event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default, exists or has occurred.

All capitalized terms which are not defined herein has the meanings given such terms in the Agreement.

**WaterSaver Faucet Co.,
an Illinois corporation**

By: _____
Name
Title: _____

