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LAKESHORE 87TH STREET HOMES REDEVELOPMENT AGREEMENT

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BY AND BETWEEN

THE CITY OF CHICAGO

AND

LAKESHORE 87TH STREET HOMES LIMITED PARTNERSHIP,

AN ILLINOIS LIMITED PARTNERSHIP

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

**BOX 333-CTI**

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## LIST OF EXHIBITS

Exhibit A	*Redevelopment Area
Exhibit B	*Property
Exhibit C	*TIF-Funded Improvements
Exhibit D	Redevelopment Plan
Exhibit E	Construction Contract
Exhibit F	Escrow Agreement
Exhibit G	*Permitted Liens
Exhibit H-1	*Project Budget
Exhibit H-2	*MBE/WBE Budget
Exhibit I	Approved Prior Expenditures
Exhibit J	Opinion of Developer's Counsel
Exhibit K	Intentionally Omitted
Exhibit L	Requisition Form
Exhibit M	Intentionally Omitted
Exhibit N	*Public Benefits Program
Exhibit O	Form of Subordination Agreement
Exhibit P	Intentionally Omitted

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

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

## **LAKESHORE 87TH STREET HOMES LIMITED PARTNERSHIP REDEVELOPMENT AGREEMENT**

This Lakeshore 87th Street Homes Limited Partnership Redevelopment Agreement (this "Agreement") is made as of this 18th day of July, 2003, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Lakeshore 87th Street Homes limited partnership, an Illinois limited partnership (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.

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

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "the City Council") adopted the following ordinances on December 18, 1986: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Chatham Ridge Redevelopment Project Area"(as amended by an ordinance adopted by the City Council on October 30, 1996; (2) "An Ordinance of the City of Chicago, Illinois Designating the Chatham Ridge Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act" (as amended by an ordinance adopted by the City Council on March 27, 1996); and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Chatham Ridge Redevelopment Project Area" (the "TIF Adoption Ordinance") (items(1) (3) were amended by ordinances adopted by the City Council on May 29, 2002 and are 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 has purchased (the "Acquisition") certain property located within the Redevelopment Area, said property being a parcel of land bounded by the Chicago and Western Railroad (CWRR) on the east, S. Parnell Ave. on the west, W. 87th St. on the south and W. 83rd St. on the north, in Chicago, Illinois 60630 and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete construction of up to 99 single-family dwelling units including related site preparation and infrastructure improvement (the "Facility") along with the reconstruction of Parnell Avenue from 83rd street to 87th Street (the "Parnell Improvements"). The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) and the Parnell Improvements are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Chatham Ridge Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan (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, (i) TIF Bond Proceeds (defined below), and (ii) Incremental Taxes (as defined below), to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

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



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paid for from Incremental Taxes or Available Incremental Taxes (including any such payment made pursuant to any City note provided to the Developer pursuant to this Agreement), or in order to reimburse the City for the costs of TIF-Funded Improvements. In any event, the use of Available Incremental Taxes or Incremental Taxes to pay for TIF-Funded Improvements or any other Redevelopment Project Costs shall be subordinate and subject to the City obligations to (i) make payments on the Outstanding Bonds, (ii) pay the City Administrative Fee pursuant to the Outstanding Bonds, (iii) make payments on any Bonds subsequently issued pursuant to the TIF Bond Ordinance, and (iv) pay any other amounts required to be paid pursuant to the Bond Ordinance and the TIF Bond Ordinance. The City has previously issued tax exempt bonds (the "Outstanding Bonds") secured by Incremental Taxes pursuant to those certain ordinances adopted by the City Council on November 4, 1987 and on May 29, 2002 [the ordinances are collectively referred to as (the "Existing TIF Bond Ordinance")]

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.

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

"Advanced City Funds" shall mean the portion of City Funds (i) deposited into the Escrow at Closing and dispensed to Developer at Closing as reimbursement for acquisition and TIF-Funded Improvements relating to the construction of the Facility incurred prior to Closing, (ii) available to pay for the costs of TIF-Funded Improvements incurred after Closing pursuant to submission of the Requisition Form in accordance with Section 4.04 of this Agreement and (iii) available to pay directly for the costs of the Parnell Improvements pursuant to submission of the Requisition Form in accordance with Section 4.04 of this Agreement.

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

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"Available Incremental Taxes" shall mean an amount equal to the Incremental Taxes deposited in the Chatham Ridge Redevelopment Project Area TIF Fund attributable to the taxes levied on the Property after the date hereof. Any obligation by the City to so deposit Available Incremental Taxes shall be subject to the City obligations to (i) make payments on the Outstanding Bonds, (ii) pay the City Administrative Fee pursuant to the Outstanding Bonds, (iii) make payments on any Bonds subsequently issued pursuant to the TIF Bond Ordinance, and (iv) pay any other amounts required to be paid pursuant to the Bond Ordinance and the TIF Bond Ordinance.

"Bond(s)" shall have the meaning set forth for such term in the recitals 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.

"Chatham Ridge 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.

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

"City Funds" shall mean (i) the funds paid to the Developer from TIF Bond Proceeds, (ii) funds dispensed to the Developer at Closing to be used for the housing development, including reimbursement for site acquisition costs, (iii) funds paid to the Developer for site preparation (including environmental remediation and related infrastructure improvements) not completed prior to Closing but required to construct the development of single-family homes which will be paid as the site preparation is completed and (iv) funds to be provided for the Parnell Improvements.

"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 one or more contracts, 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

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Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

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

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

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

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

"Existing TIF Bond Ordinance" shall have the meaning set forth in the recitals hereof.

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

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

"Financial Statements" shall mean complete reviewed and reported financial statements of the Developer and Lakeshore 87th Street Homes L. L. C., an Illinois limited liability company, in its capacity as the General Contractor (see definition below) and the sole general partner of Developer ("General Contractor") prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

"General Contractor" shall mean Lakeshore 87<sup>th</sup> Street Homes, L.L.C., an Illinois limited liability company, the general contractor hired by the Developer pursuant to Section 6.01, or such other general contractor as may be designated by Developer and approved by DPD.

"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

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Treasurer of the City of Chicago for deposit by the Treasurer into the Chatham Ridge TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Initial Certificate" shall have the meaning set forth in Section 7.01 hereof.

"Lender Financing" shall mean funds borrowed by the Developer from lenders and irrevocably available to pay for Costs of the Project, in the amount set forth in Section 4.01 hereof.

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

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

"Median Income" shall be the amount of gross income which approximately fifty percent (50%) of the households consisting of a family of four in the Chicago Metropolitan Statistical Area, both exceed and fail to equal as determined, and published annually, by the United States Department of Housing and Urban Development.

"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.

"Outstanding Bonds" shall have the meaning set forth in the recitals hereof.

"Parnell Improvements" shall have the meaning set forth in the Recitals hereof.

"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 Facility, as submitted to the City as the basis for obtaining building permits for the Facility.

"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-1, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

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"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 DPD pursuant to Section 4.04 of this Agreement.

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

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

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the date on which the Redevelopment Area is no longer in effect (i.e., December 18, 2009)

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

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

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

"TIF-Funded Improvements" shall mean those improvements of the Project, including the Parnell Improvements, 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 Chicago Title Insurance Company.

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

"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 Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.

## SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence construction no later than December 1, 2002; and (ii) complete construction and conduct business operations thereon no later than December 29, 2006. The Final Certificate shall be issued, and the final amount disbursed to Developer from TIF Bond Proceeds pursuant hereto, no later than December 29, 2006.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings and Plans and Specifications to DPD and DPD has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project. Regarding those Scope Drawings and Specifications relating to the Parnell Improvements, DPD, the City Department of Transportation ("CDOT") and all other affected City departments must approve the relevant plans, specifications and bid documents before the Project is bid out and selection of the subcontractor(s) must be approved by the City and CDOT. All relevant Change Orders must be approved by the City. The cost of said Change Orders not approved by the City will be borne by the Developer.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Twenty Eight Million Three Hundred Thirty-Four Thousand Eighty and no/100 Dollars (\$28,334,080) including total costs for the Facility in an amount of \$26,134,080 and for the Parnell Improvements in the amount of \$2,200,000. The Developer hereby certifies to the City that (a) those City Funds to be used to (i) reimburse Developer or pay for acquisition and related site work (\$3,000,000) and (ii) pay for the costs of constructing the Parnell Improvements (\$2,200,000), together with Lender Financing and

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Equity described in Section 4.02 hereof, shall, subject to Section 4.06 with respect to the Parnell Improvements, 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 DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

## 3.04 Change Orders.

a. The Facility. 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 DPD 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 DPD for DPD's prior written approval: (a) a reduction in the number of single-family dwelling units of the Facility below seventy-five (75) single-family dwelling units; (b) a change in the use of the Property to a use other than for single family homes and related uses; and (c) a delay in the completion of the Project by more than six (6) months. Change Orders set forth in (a), (b) and (c) above along with other Change Orders exceeding five percent (5%) of the total Project cost shall be reported to, and approved by, DPD in the Developer's quarterly reports. 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 DPD'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.

b. Parnell Improvements. All Change Orders regarding the Parnell Improvements must be approved by the City. The Developer will bear sole responsibility for the cost of any such Change Orders not approved by the City.

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

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

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3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written monthly progress reports detailing the status of the Project including, without limitation, (i) a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04), (ii) reports on MBE/WBE utilization, prevailing wage, City residency (based) on expenditures to date and a report including a plan by Developer to address any shortfall and (iii) draw requests. The Developer shall provide three (3) copies of any updated Surveys required by any lenders providing Lender Financing for the Project to DPD upon the request of DPD, reflecting improvements made to the Property.

3.08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DPD shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project hereunder. The inspecting architect shall be the inspecting architect engaged by any lender(s) providing Lender Financing for the Project. The City may designate an additional inspecting architect or agent to perform inspections of the Parnell Improvements. The Developer shall pay the cost of the additional inspecting architect/agent engaged by the City to inspect the Parnell Improvements.

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

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

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

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



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## SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$28,334,080, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Sections [4.03(b)] and 4.06</u> )	\$ 1,000,000
Lender Financing	1,770,000
Estimated City Funds (subject to <u>Section 4.03</u> )	5,200,000
Housing Sales (includes revolving lender financing of \$3,895,531 to be repaid from house sales)	<u>20,364,080</u>
<b>ESTIMATED TOTAL</b>	<b>\$28,334,080</b>

4.02 Developer Funds and Letter of Credit. Equity and/or Lender Financing may be used to pay any Project cost, including but not limited to Redevelopment Project Costs and costs of TIF-Funded Improvements.

At Closing, Developer will provide an irrevocable letter of credit (the "Letter of Credit") in the amount of \$1,500,000 for the benefit of City as security for the performance of Developer's obligations hereunder. The Letter of Credit shall be payable upon presentation and issued by a bank with offices in metropolitan Chicago which is satisfactory to the City, in its sole discretion. The Letter of Credit shall also be in written form satisfactory to the Corporation Counsel. Upon the written request of Developer received at least twenty (20) days prior to each proposed reduction, the Letter of Credit will decrease in value as homes are completed and sold as follows: (i) the Letter of Credit shall be reduced to \$500,000 when a total of fifty (50) single-family dwelling units have been sold to third-party purchasers of which the base price of at least fifteen (15) must be affordable to households earning between eighty percent (80%) and one-hundred twenty percent (120%) of the Median Income, and of those fifteen (15) the base price of at least four (4) must be affordable to households earning between eighty percent (80%) and one-hundred percent (100%) of the Median Income; (ii) the Letter of Credit shall be canceled and promptly returned to the Developer when a total of seventy-five (75) single-family dwelling units are sold of which the base price of twenty (20) shall be affordable to households earning between eighty percent (80%) and one-hundred twenty percent (120%) of the Median Income, and of those twenty (20), the base price of ten (10) shall be affordable to households earning between eighty percent (80%) and one hundred percent (100%) of the Median Income. Prior to the initial reduction and then the return of the Letter of Credit, the City will ensure compliance with all City requirements set forth herein.

### 4.03 City Funds.

(a) Uses of City Funds. City Funds may only be used to pay directly or 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

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amount of costs that may be paid by or 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 DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. Notwithstanding anything herein to the contrary, in the event Developer does not incur a total of the lesser of (i) Four Million Seven Hundred Seventy Thousand and No/100 Dollars (\$4,770,000.00) and (ii) eighteen and 3/10 percent (18.3%) of the actual total Project Costs attributable to the Facility (excluding the 2.2 million dollars for the Parnell Improvements), in costs for TIF-Funded Improvements and Developer's costs to acquire the Property, then City Funds may also be used to pay for interest costs as allowed in Section 5/11-74.4-3(q)(11) of the Act. City Funds from TIF Bond Proceeds used to reimburse the Developer for Redevelopment Project Costs as set forth in this Section 4.03 shall not be paid to the Developer hereunder prior to the issuance of the Initial Certificate and all City compliance requirements and the affordability requirements for the applicable minimum number of single-family dwelling units have been met.

Upon the issuance of said Initial Certificate (and all other requirements referred to above), City Funds from TIF Bond Proceeds (the "Initial TIF Bond Proceeds Disbursement") in the amount of One Million Two Hundred Ninety Thousand and No/100 Dollars (\$1,290,000) shall be disbursed to Developer. After the Initial TIF Bond Proceeds Disbursement, Developer may submit a Requisition Form starting on the first business day of the fourth (4<sup>th</sup>) complete month thereafter and no more than once per quarter thereafter requesting a subsequent disbursement (the "Subsequent TIF Bond Proceeds Request(s)") of TIF Bond Proceeds in an amount equal to Twenty Thousand and No/100 Dollars (\$20,000) for each single family home over the initial seventy-five (75) homes (up to a maximum of ninety-nine (99) single family homes) sold to a third party purchaser during each said three (3) month period. Developer may so submit the Subsequent TIF Bond Proceeds Requests until the earlier of the completion and sale of a total of ninety-nine (99) single family homes or December 29, 2006. The Subsequent TIF Bond Proceeds Request(s) shall be accompanied by such supporting documents as the City, in its sole discretion, shall request.

(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>
Incremental Taxes (Existing)	\$ 3,000,000
Incremental Taxes (Existing) (Parnell Improvements)	2,200,000
TIF Bond Proceeds	1,770,000

provided, however, that the total amount of City Funds expended for TIF-Funded Improvements and Developer's costs to acquire the Property shall be an amount not to exceed the lesser of Four Million

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Seven Hundred Seventy Thousand and no/100 Dollars (\$4,770,000) or eighteen and 3/10 percent (18.3%) of the actual total Project Costs attributable to the Facility (excluding the 2.2 million dollars for the Parnell Improvements), and provided further, that the \$3,000,000 to be derived from Incremental Taxes and/or TIF Bond proceeds, if any, and the amount not to exceed \$1,770,000 from TIF Bond proceeds, 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 Incremental Taxes and the Available Incremental Taxes deposited into the Chatham Ridge TIF Fund shall be sufficient to pay for the \$3,000,000 to be derived from Increment Taxes and/or TIF Bond proceeds; and

(ii) The City has been reimbursed from Incremental Taxes and Available Incremental Taxes, as applicable, for amounts previously disbursed by the City for TIF Funded Improvements..

Subject to the provisions of this Agreement including, without limitation Section 4.04, up to \$3,000,000 of the currently available Incremental Taxes which have not been designated herein to be used to construct the Parnell Improvements shall be available to be disbursed at Closing (includes a maximum of \$1,900,000 to reimburse acquisition cost and a maximum of \$1,100,000 to repay infrastructure costs, environmental remediation and site prep incurred by Developer prior to closing or to directly pay for such costs after Closing).

The Developer acknowledges and agrees that the City's obligation to pay for TIF-Funded Improvements in excess of one million nine hundred thousand (\$1,900,000), up to a maximum of \$6,970,000 (as set forth in this Section this Section 4.03(b) above) 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. Notwithstanding anything herein to the contrary, the City shall be responsible for paying the cost of the Parnell Improvements up to a total of \$2,200,000. The City shall also be responsible for cost overruns equal to ten percent (10%) of the total. In the event cost overruns exceed \$220,000 [ten percent (10%) of the total cost of the Parnell Improvements] the City and Developer shall be equally responsible for any such cost overruns. However, in no event shall the City be responsible for paying more than a total of \$2,500,000 toward the cost of the Parnell Improvements.

In addition, 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 as of the Closing Date, that the amount disbursed to Developer from TIF Bond Proceeds shall be in an amount equal to the cost of the TIF-Funded Improvements which have been incurred by the Developer and are to be reimbursed by the City through disbursements from TIF Bond Proceeds, subject to the provisions hereof; provided, however, that (i) the initial principal amount shall be the amount of TIF-Funded Improvements incurred by Developer prior to issuance of the Initial Certificate; and (ii) that the maximum principal amount disbursed from TIF Bond Proceeds shall be an amount not to exceed \$1,770,000.

(c) Bonds. The Commissioner of DPD and the Comptroller agree that such officials, in their sole discretion, may recommend that the City Council approve an ordinance or ordinances

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authorizing the issuance of Bonds in an amount which, in the opinion of the Comptroller, is marketable under the then current market conditions. The Developer will cooperate with the City in the issuance of Bonds, as provided in Section 8.05 hereof. The City shall pay the costs of issuing such Bonds including but not limited to bond counsel fees, underwriters' fees and consultants' fees.

4.04 Construction Escrow ;Requisition Form. [(a)] The Title Company, the Developer and the Developer's lender have entered into the Escrow Agreement. All disbursements of lender's funds shall be made through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. In case of any conflict between the terms of this Agreement and the Escrow Agreement, the terms of this Agreement shall control. The City must receive copies of any draw requests and related documents submitted to the Title Company for disbursements under the Escrow Agreement.

(b) On the Closing Date and prior to each October 1 (or such other date as the parties may agree to) thereafter, beginning in 2003 and continuing throughout the earlier of (i) the Term of the Agreement or (ii) the date that the Developer has been reimbursed in full under this Agreement, the Developer shall provide DPD 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 month. On each December 1 (or such other date as may be acceptable to the parties), beginning in 2003 and continuing throughout the Term of the Agreement, the Developer shall meet with DPD at the request of DPD to discuss the Requisition Form(s) previously delivered.

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

(a) Prior Expenditures. Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as 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 and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) Purchase of Property. The purchase price of the Property in the amount of \$1,900,000 shall be reimbursed to the Developer from City Funds directly on the Closing Date as a TIF-Funded Improvement.

(c) City Fee. Annually, the City may allocate an amount not to exceed ten percent (10%) of the Incremental Taxes for payment of costs incurred by the City for the administration and monitoring of the Redevelopment Area, including the Project. Such fee shall be in addition to an shall not be deducted from or considered a part of the City Funds, and the City shall have the right to receive such funds prior to any payment of City Funds hereunder.

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(d) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$250,000 per line item or \$500,000 in the aggregate, may be made without the prior written consent of DPD.

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

**[INTENTIONALLY OMITTED]**

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements applicable to the Facility exceeds City Funds available pursuant to Section 4.03 hereof, or if the cost of completing the Facility exceeds the Project Budget (in either case excluding the cost of the Parnell Improvements), 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 for the Facility in excess of City Funds and of completing the Facility. If the aggregate cost of the Parnell Improvements exceeds the sum of \$2,200,000, the City shall be solely responsible for such excess cost up to a total of \$220,000 (or 10% of the total cost of the Parnell Improvements), and shall provide funds to pay for such excess costs from Incremental Taxes. The City and the Developer shall be equally responsible for any and all additional excess costs over \$220,000; the City shall fund one-half of the additional excess upon receiving notice from the Escrow agent that Developer has paid its half of said additional excess cost into the Escrow. Notwithstanding anything herein to the contrary, the Developer shall be responsible for completing the Parnell Improvements in accordance with the Agreement and the responsibility of the City to Fund the Parnell Improvements shall not exceed \$2,500,000.

4.07 Preconditions of Disbursement; Execution of Certificate of Expenditure. Prior to each disbursement of City Funds hereunder and execution of a Certificate of Expenditure by the City, the Developer shall submit documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Developer to DPD of any request for disbursement of City Funds and execution by the City of a Certificate of Expenditure 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 or request for execution of a Certificate of Expenditure, that:

(a) the total amount of the disbursement request or request for Certificate of Expenditure, as applicable, 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 or request for Certificate of Expenditure have been paid to the parties entitled to such payment;

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(c) the Developer has approved all work and materials for the current disbursement request or request for Certificate of Expenditure, respectively, 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 substantial 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;

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

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

The City shall have the right, in its discretion, to require the Developer 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 or execution of a Certificate of Expenditure 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 to the disbursement of City Funds for each disbursement or the execution of a Certificate of Expenditure, respectively, including but not limited to requirements set forth in the Existing TIF Bond Ordinance and the TIF Bond Ordinance, if any, the Bonds, if any, the Outstanding Bonds, the TIF Ordinances, this Agreement and/or the Escrow 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 the remedies provided in Section 15.02 hereof.

**4.09 Adjustment of Amount of City Funds.** Developer acknowledges and agrees that upon completion of the Project and verification of all final costs by the City, the City, in its sole discretion, may reduce the actual principal value of all City assistance by reducing the amount disbursed from

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TIF Bond Proceeds, if Project costs (excluding the cost of the Parnell Improvements) are less than 99% of the preliminary estimate of \$26,134,080.

## SECTION 5. CONDITIONS PRECEDENT

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

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

5.02 Scope Drawings and Plans and Specifications. The Developer has submitted to DPD, and DPD has approved, the Scope Drawings and Plans and Specifications in accordance with the provisions of Section 3.07 hereof.

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

5.04 Financing. The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with the Equity and the City Funds set forth in Section 4.01) to complete the Project. The Developer has delivered to DPD a copy of the construction escrow agreement entered into by the Developer regarding the Lender Financing. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition and Title. On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy shall be dated-down as of the Closing Date and shall contain 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 (3.0 or modified 3.1 with parking), contiguity, location, access and survey. The Developer has provided to DPD, on or prior to the Closing Date, documentation related to the purchase of the Property and

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certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

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

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

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

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

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

5.09 Opinion of the Developer'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 shall be obtained by the Developer from its general corporate counsel.

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

5.11 Financial Statements. The Developer and General Contractor have provided Financial Statements to DPD for their most recent fiscal years, and audited or unaudited interim financial statements.

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



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5.13 Environmental. The Developer has provided DPD with copies of any phase I environmental audits completed with respect to the Property and any phase II environmental audits with respect to the Property required by DPD, any other City agency, or the Lender. The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audit(s). The Developer shall also provide the City with written verification from the proposed provider of the Lender Financing that all identified environmental issues have been or will be resolved to its satisfaction.

5.14 Corporate Documents; Economic Disclosure Statement. The Developer and General Contractor have provided a copy, as applicable, of their Articles of Limited Partnership and/or Articles of Organization containing the original certification of the Secretary of State of their states of organization; certificates of good standing from the Secretary of State of their states of organization and all other states in which the Developer and General Contractor are qualified to do business; general partner's and managing member's certificates in such form and substance as the Corporation Counsel may require; and certified copies of the operating agreement, agreement of limited partnership and such other company and partnership 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 DPD, 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 Bid Requirement for General Contractor and Subcontractors. The City agrees that, subject to DPD's approval of the Construction Contract, the General Contractor will act as the General Contractor.

Prior to entering into an agreement with the General Contractor, the Developer shall cause the General Contractor to solicit bids from qualified subcontractors eligible to do business with the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. (i) For the TIF-Funded Improvements, the Developer shall cause the General Contractor to select the subcontractor(s) submitting the lowest responsive and responsible bid who can complete the Project in a timely manner. If the General Contractor selects any subcontractor submitting other than the lowest responsive and responsible bid for the TIF-Funded Improvements, the difference between the lowest responsive and responsible bid and the bid selected may not be paid out of City Funds. (ii) For Project work other than the TIF-Funded Improvements, if General Contractor selects any subcontractor who has not submitted the lowest responsive bid, the difference between the lowest responsive and responsible bid and the higher bid selected shall be subtracted from the actual total Project costs for purposes of the calculation of the amount of City Funds to be contributed to the

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Project pursuant to Section 4.03(b) hereof. For all Project work, the General Contractor must solicit bids for all subcontracted work in excess of \$25,000. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

6.02 Construction Contract. Upon the earlier of the start of construction or the execution of this Redevelopment Agreement, the Developer shall deliver to DPD a copy of the proposed Construction Contract(s) with the General Contractor to complete the Project in accordance with Section 6.01 above (including its MBE/WBE Utilization Plan, with Schedules C and D thereto), for DPD's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof. In the event the City fails to respond to Developer's request for approval within ten (10) business days after delivery thereof, the City shall be deemed to have granted said approval. Within ten (10) business days after execution of such contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto. Prior to the execution of this Redevelopment Agreement, Developer shall also submit evidence acceptable to DPD that the General Contractor has met at least once with, and provided bid documents to, applicable MBE/WBE contractor associations.

6.03 Performance and Payment Bonds. Prior to commencement of construction of any public way including, without limitation, the Parnell Improvements, the Developer shall require that the General Contractor be bonded for its performance and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. Prior to the commencement of any portion of the Project which includes work on any portion to be dedicated to the City as a public improvement, the Developer shall require that the General Contractor be bonded for such performance and payment by sureties having an AA rating or better using a bond in the form attached as Exhibit P hereto. The City shall be named as obligee or co-obligee on any such bonds.

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; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and City resident obligations in Section 10 shall be applied on an aggregate basis and the failure of the general contractor to require each subcontractor to satisfy, or the failure of any one subcontractor to satisfy, such obligations shall not result in a default under or a termination of this Agreement or require payment of any shortfall amounts or result in any penalties under Sections 10.02 and 10.03 of this Agreement so long as such obligations are satisfied on an aggregate basis.

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

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Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement) (subject to the exception in Section 6.04), Section 10.03 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. Notwithstanding anything herein to the contrary, provisions required pursuant to Section 10.02 (City Resident Employment Requirement) shall apply, and be measured pursuant to, the Project as a whole rather than each individual contract.

## SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

### 7.01 Initial Certificate and Final Certificate of Completion of Construction.

(a) Initial Certificate. Upon completion of construction of at least seventy-five (75) single-family dwelling units in accordance with the terms of this Agreement (including, but not limited to, compliance with the provisions of the relevant portions of Section 4.02 regarding minimum number and ratio of "affordable" dwelling units and Section 10 hereof), DPD shall issue to the Developer an initial certificate of completion of construction (the "Initial Certificate"), in recordable form certifying that the Developer has fulfilled its obligation to complete construction of said single-family dwelling units in accordance with the terms of this Agreement. DPD shall use best efforts to respond to the Developer's written request for the Initial Certificate within (30) days by issuing either the Initial Certificate or a written statement detailing the ways in which such portions of the Project do 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 Initial Certificate. The Developer may resubmit a written request for the Initial Certificate upon completion of such measures. In the event DPD fails to respond to Developer's initial written request within thirty (30) days, Developer may resubmit its initial request and in the event DPD fails to respond within thirty (30) days of receiving the resubmitted initial request then said request shall be deemed approved. Upon the issuance of the Initial Certificate, the Developer shall be entitled to receive the payment of TIF Bond Proceeds set forth in Section 4.

(b) Final Certificate After Further Disbursement of TIF Bond Proceeds. After issuance of the Initial Certificate, the TIF Bond Proceeds for payment upon completion of the homes shall be disbursed pursuant to the terms of Section 4 upon completion of the construction of the Facility in accordance with the terms of this Agreement (and after the final disbursement from the Escrow), and upon the Developer's written request, but in any event no later than December 29, 2006, DPD shall issue to the Developer a final certificate of completion of construction (the "Final Certificate") in recordable form certifying that the Developer has fulfilled its obligation to complete the Facility in accordance with the terms of this Agreement. DPD shall respond to the Developer's written request for the Final Certificate within forty-five (45) days by issuing either a Final Certificate or a written statement detailing the ways in which the Facility 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 Final Certificate. The Developer may resubmit a written request for a Final Certificate

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upon completion of such measures. If the issuance of the Final Certificate occurs and less than ninety-nine (99) single-family dwelling units have been constructed, then, subject to Section 4.03(b), the maximum \$1,770,000 amount of TIF Bond Proceeds that may be disbursed shall be reduced by \$20,000 for each single-family dwelling unit less than ninety-nine (99) single-family dwelling units which Developer has not then constructed.

7.02 Effect of Issuance of Final Certificate; Continuing Obligations. The Initial Certificate and Final Certificate relate only to the construction of the Facility, and upon 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. Subject to the limitations in the following paragraph, after the issuance of a Final 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 for the periods of time hereinafter provided as to the parties described in the following paragraph, and the issuance of the Final 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, 8.19 and 8.20 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) notwithstanding the issuance of the Final Certificate; provided, that upon the issuance of the Final Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled and provided further that the covenants in Section 8.20 shall apply only to those single-family dwelling units in the Facility initially sold to Low-Median Income Families and only for a period of four (4) years following the date of said initial sale. The other executory terms of this Agreement that remain after the issuance of a Final 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 City may draw on the Letter of Credit; and

(c) the right to seek reimbursement of the City Funds from the Developer, provided that the City is entitled to rely on an opinion of counsel that such reimbursement will not jeopardize the tax-exempt status of the TIF Bonds, if any.

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

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

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

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

(b) The General Contractor is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois and licensed to do business in any other state required due to the nature of its activities or properties;

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

(d) the execution, delivery and performance by the Developer, General Contractor and their Affiliates of this Agreement have been duly authorized by all necessary corporate or company and partnership action, and does not and will not violate the operating agreement or the agreement of limited partnership, as both are amended and supplemented, the General Contractor's articles of organization, as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer or the General Contractor is now a party or by which the Developer or the General Contractor is now or may become bound;

(e) 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 Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof).

(f) the Developer and General Contractor are now and for the Term of the Agreement shall remain solvent and able to pay their debts as they mature;

(g) 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 or General Contractor which would impair their ability to perform under this Agreement;

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(h) 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;

(i) 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;

(j) 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 the General Contractor, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Developer or General Contractor since the date of the Developer's and General Contractor's most recent Financial Statements;

(k) prior to the issuance of the Final Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business (which ordinary course of business includes the sale of single-family homes to third-party purchasers); (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;

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

(m) the Developer 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.

**8.02 Covenant to Redevelop.** Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the TIF Bond Ordinance, (if any), the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules,

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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 the Final 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 as in effect on the date hereof.

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) costs incurred in connection with the Acquisition and the TIF-Funded Improvements as provided in this Agreement.

8.05 Other Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary in order for the City to issue (in its sole discretion) any Bonds in connection with the Redevelopment Area, the proceeds of which shall be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements; provided, however, that any such amendments shall not have an adverse effect on the Developer or the Project. The Developer, at the Developer's expense, shall cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making accurate representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto. Developer shall not have any liability to the City with respect to any disclosures made in connection with any such issuance of Bonds that are actionable under applicable securities laws unless such disclosures are based on factual information provided by the Developer that is determined to be false or misleading.

8.06 Job Creation and Retention; Covenant to Remain in the City. **[NOT APPLICABLE - INTENTIONALLY LEFT BLANK]**

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 written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City on a monthly basis on the first business day of each month starting on September 1, 2003. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

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

8.09 Prevailing Wage. The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees

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during the period of construction. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.09.

8.10 Arms-Length Transactions. Unless DPD has given its prior written consent with respect thereto, no Affiliate of the Developer other than the General Contractor 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 DPD's request, prior to any such disbursement.

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

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

8.13 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the Developer's fiscal year ended 2002 and each Fiscal Year thereafter for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

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

8.15 Non-Governmental Charges. (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project (exclusive of the lien of any mortgage in connection with financing obtained by the third-party purchasers of single-family homes); 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,



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or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question. Notwithstanding the foregoing, the obligations contained in the Agreement regarding Non-Governmental Charges shall not be applicable to any third-party purchaser of a single-family dwelling unit or to the portion of the Project and the Property acquired by such third-party purchaser.

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

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

8.17 Compliance with Laws. To the best of the knowledge of Developer and its Affiliates, 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. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in

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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, may create, or appear to create - a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes and not including the lien of any mortgage in connection with financing obtained by third-party purchasers of single-family homes.

(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 DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

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

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

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

(c) Real Estate Taxes.

**[INTENTIONALLY LEFT BLANK]**

The requirements contained in this Section 8.19 shall apply solely to the Developer and those portions of the Property owned by Developer and shall not be deemed an obligation of third-party purchasers of single-family dwelling units or the portions of the Property owned by such third-party purchasers.

8.20 Affordable Housing Covenant. After the Closing on this Redevelopment Agreement, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

(a) All single-family dwelling units in the Facility shall be operated and maintained solely as single family homes;

(b) Twenty (20) single-family dwelling units in the Facility shall be available for occupancy to and be occupied solely by one household qualifying as Low-Median Income Families (as defined below) upon initial occupancy; and

(c) In the event the base price (i.e., excluding so-called extras and upgrades) of any single-family dwelling units in the Facility exceeds \$300,000, the City shall receive a certificate from the developer stating said increased base price upon the closing of any such unit; one-half of the gross sale proceeds in excess of any sale price of \$300,000 shall be deducted from the principal value of the amount to be disbursed to Developer from TIF Bond Proceeds.

(d) As used in this Section 8.20, the following terms has the following meanings:

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

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(ii) "Low-Median Income Families" shall mean Families whose annual income does not exceed one hundred twenty percent (120%) of the Chicago-area Median Income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) Twenty (20) of the single family homes shall be affordable to Low-Median Income Families and of those twenty (20) homes, ten (10) must be affordable to households with an income that is between eighty percent (80%) to one hundred percent (100%) of the Median Income.

(f) The covenants set forth in this Section 8.20 shall run with the land and be binding upon any transferee.

(g) The City and the Developer may enter into a separate agreement to implement the provisions of this Section 8.20.]

(h) Upon the initial sale and occupancy of the "affordable" single-family dwelling units, Developer shall include in the deed of transfer a covenant intended to run with the land which shall require each such single-family dwelling unit to maintain its status as "affordable" housing single-family dwelling unit for not less than four (4) years. The covenant shall require the base selling price (i.e., exclusive of any "extras" or upgrades) to be affordable to eighty percent (80%) and one-hundred twenty percent (120%) of the Median Income, adjusted to reflect the year in which the sale occurs if the initial purchaser sells the single-family dwelling unit in four (4) years or less. Violation of this covenant shall be enforced against the initial purchaser only. The Developer, following the initial transfer, shall have no further obligations or liabilities under this Section 8.20 and the City shall assert any remedies it has solely against any third-party purchaser who violates such covenant and the City shall not reduce in any way the City Funds made available to Developer hereunder. The terms of this paragraph are a covenant that is intended to run with the land and be binding thereupon.

## 8.21 Participation in City Beautification Efforts.

**[Intentionally Left Blank]**

8.22 Public Benefits Program. The Developer shall, [specify beginning of period of activity], undertake a public benefits program as described on Exhibit N. On a semi-annual basis, the Developer shall provide the City with a status report describing in sufficient detail the Developer's compliance with the public benefits program.

## 8.23 Job Readiness Program.

**[NOT APPLICABLE-INTENTIONALLY LEFT BLANK]**

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

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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 the Final Certificate) shall be in effect throughout the Term of the Agreement.

## SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 General Covenants. The City represents that it has the authority under the TIF Act, 65 ILCS 5/11-74.4-1 et seq. and 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.

9.03 Release of Developer Covenants Upon Initial Sale. Upon the initial sale of each single-family dwelling unit by the Developer, the City shall release said single-family dwelling unit from the lien of the Covenants set forth in this Agreement provided that, with respect to the twenty (20) single-family dwelling units in the Facility available for sale to Low-Median Income Families, the covenant described in Section 8.20(h) shall be included in the recordable deed of transfer or such other document in the purchaser's chain of title for such single-family dwelling unit to protect the continued enforcement of the affordable housing covenant described in 8.20 (h).

## 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,

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demonstration or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

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

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

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

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

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

10.02 City Resident Construction Worker Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and, subject to Section 6.04, each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

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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, subject to Section 6.04, each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

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

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

At the direction of DPD, affidavits and other supporting documentation will be required of the Developer, the General Contractor and each applicable 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 applicable 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, or set-off against amounts due to be disbursed to Developer from TIF

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

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

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

a. Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following cumulative aggregate percentages of the MBE/WBE Budget (as these budgeted amounts may be reduced to reflect decreased actual costs) shall be expended for contract participation by MBEs or WBEs:

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

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.

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.

paragraph. Officer's determination as to whether the Developer must surrender damages as provided in this the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to categories. The willful falsification of statements and the certification of payroll data may subject surrender of the entire liquidated damages as if no Chicago residents were employed in either of the requirement. Failure to report the residency of employees entirely and correctly shall result in the Bond Proceeds, in payment for each percentage of shortfall toward the stipulated residency



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- Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as a 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 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. The Developer or the General Contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.
- d. The Developer shall deliver quarterly reports to DPD during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DPD in determining the Developer's compliance with this MBE/WBE commitment. DPD has access to the Developer's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with Section 14 of this Agreement, on five (5) business days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.
- e. Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.
- f. Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.
- g. Prior to the commencement of the Project and then also upon the completion of fifty percent (50%) of Phase I of the Facility (to be measured in dollars expended to date, based on the Phase I budget in this executed Redevelopment Agreement), the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10.03. During these meetings, the Developer shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project (including at each one of the aforementioned meetings), the Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii)

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The Developer shall provide and maintain, or cause to be provided, at the Developer's own expense, during the Term of the Agreement (or as otherwise specified below), the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

## SECTION 12. INSURANCE

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, injuries, damages, 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 the following, regardless of whether or not caused by, or within the control of the Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property within 500 feet of the Property in which the Developer, or any person directly or indirectly controlling, controlled by or under common control with the Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by the Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

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.

## SECTION 11. ENVIRONMENTAL MATTERS

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 DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project; (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

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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 shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, 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.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

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

(i) Workers Compensation and Employers Liability Insurance

(b) Construction

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 shall 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.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

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

(i) Workers Compensation and Employers Liability Insurance

(a) Prior to Execution and Delivery of this Agreement and Throughout the Term of the Agreement

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When any plans, designs, drawings, specifications and documents related to the Parnell Improvements are produced or used under this Agreement, Valuable Papers Insurance shall be maintained in an amount to insure against

(vii) Valuable Papers Insurance

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 shall be maintained with limits of not less than \$1,000,000. Coverage shall include contractual liability. 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.

(vi) Professional Liability

When the Contractor undertakes any construction, including improvements, betterments, and/or repairs, the Contractor shall 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 permanent facility. Coverage shall include but are not limited to the following: collapse, boiler and machinery if applicable. The City of Chicago shall be named as an additional insured and loss payee.

(v) Builders Risk Insurance

When any work is to be done adjacent to or on railroad or transit property, Contractor shall provide, or cause to be provided with respect to the operations that the Contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy has 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.

(iv) Railroad Protective Liability Insurance

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

(iii) Automobile Liability Insurance (Primary and Umbrella)

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The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage 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 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 the Developer shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the 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 terminate this Agreement until proper evidence of insurance is provided.

(d) Other Requirements

(i) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rent, flood and boiler and machinery, if applicable. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(c) Term of the Agreement

When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, 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 one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(viii) Contractor's Pollution Liability

any loss whatsoever, and has limits sufficient to pay for the re-creations and reconstruction of such records.

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13.01 General Indemnity. Developer and its Affiliates agree to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnitees") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitees

## SECTION 13. INDEMNIFICATION

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements, so long as any such change does not increase these requirements.

If the Developer, General Contractor or any subcontractor desires additional coverages, the Developer, General Contractor and any subcontractor shall be responsible for the acquisition and cost of such additional protection.

The Developer shall require the General Contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the General Contractor, or subcontractors. All General Contractors and subcontractors shall be subject to the same requirements (Section (d)) of Developer unless otherwise specified herein.

The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

The Developer expressly understands and agrees that the Developer's insurance is primary and any insurance or self insurance programs maintained by the City of Chicago shall not contribute with insurance provided by the Developer under the Agreement.

The Developer expressly understands and agrees that any coverages and limits furnished by the Developer shall in no way limit the Developer's liabilities and responsibilities specified within the Agreement documents or by law.

The Developer agrees that insurers shall waive rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

Any and all deductibles or self insured retentions on referenced insurance coverages shall be borne by the Developer.

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

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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 substantially 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.

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

(c) the making or furnishing by the Developer (or its Affiliates) 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 its Affiliates) 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 or General Contractor 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 or General Contractor which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;



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

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

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

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

15.02 Remedies. Upon the occurrence of an Event of Default, the City may (i) terminate this Agreement and all related agreements, (ii) suspend or terminate disbursement of City Funds, and (iii) draw on the Letter of Credit for, among other matters as explicitly set forth in this Agreement, payment as a reimbursement for City Funds Developer has received. Also, the City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer 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 to completion which must be finished within one-hundred twenty (120) days of receiving the aforementioned written notice from the City; provided, further, that there shall be no cure period under this Section 15.03 with respect to the Developer's failure to comply with any Developer requirements specifically set forth in this Agreement which already have an attendant cure period.

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## SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and 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, or which does not require the 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 (and any related documents including, without limitation, any security agreement and/or assignment) or a Permitted Mortgage, whether by foreclosure, deed in lieu of foreclosure or exercise of any rights under documents related to said mortgages, 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 (and any collateral Developer has given as security for performing under this Agreement) 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. Also, the City shall not be obligated to make any disbursement from TIF Bond Proceeds or to pay any Incremental Taxes to such mortgagee under a Permitted Mortgage or an Existing Mortgage unless the City has given its prior written consent to such transfer. .

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(c) Prior to the issuance by the City to the Developer of the Final Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD. After issuance of the Final Certificate, if a mortgagee or any other permitted transferee accepts assignment of the Redevelopment Agreement, the City consent shall not be required unless said mortgagee or transferee wishes to receive any payments of Incremental Taxes or disbursements of TIF Bond Proceeds.

(d) Notwithstanding anything to the contrary contained in this Agreement, nothing in this Section 16 shall be deemed to apply to any purchasers of single-family dwelling units and to any mortgages obtained in connection with the financing thereof or to the portion of the Project and the Property acquired by such purchasers, with the exception of the "affordable" covenants contained in Section 8.20 as applicable to the specifically affected dwelling units.

## SECTION 17. NOTICE

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

If to the City:

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

With Copies To:

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

If to Developer:

Lakeshore 87<sup>th</sup> Street Homes Limited Partnership  
 c/o Jay Johnson  
 Cornerstone Residential Group  
 350 W. Erie Street  
 Chicago, IL 60610

With Copies To:

Piper, Marbury, Rudnick & Wolfe  
 203 N. LaSalle St., Suite 1800  
 Chicago, Illinois 60601  
 Attn: David L. Reifman  
 Richard F. Klawiter

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If to Lender: New Century Bank  
363 West Ontario Street  
Chicago, IL 60610  
Attention: Lisa Callahan

With Copies to: Duane Morris LLC  
227 West Monroe Street  
Suite 3400  
Chicago, IL 60606  
Attention: Kenneth A. Latimer, Esq.

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.

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

18.05 Waiver. Waiver by the City or the Developer 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 and/or the Bond Ordinance, if any, such ordinance(s) shall prevail and control.

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

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

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

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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 may 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.

18.23 Use of the Defined Term General Contractor. In the event of any conflict regarding the meaning of the defined term 'General Contractor' as used herein, said term shall be deemed to have the meaning set forth in the definition of "Financial Statements" above including, without limitation, as 'General Contractor' is used in Sections 6,8 and 13 hereof.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]**

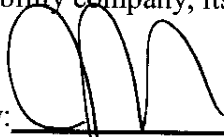
# UNOFFICIAL COPY

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.

**Lakeshore 87<sup>th</sup> Street Homes Limited Partnership**, an Illinois limited partnership

By: **Lakeshore 87<sup>th</sup> Street Homes, L.L.C.**, an Illinois limited liability company, its sole general partner

By: **CIG 87<sup>th</sup> Street, LLC**, an Illinois limited liability company, its sole manager

By:   
\_\_\_\_\_  
Jay Johnson, its Manager

**CITY OF CHICAGO**

By:

\_\_\_\_\_  
\_\_\_\_\_  
Commissioner, Department  
of Planning and Development

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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.

**Lakeshore 87<sup>th</sup> Street Homes Limited Partnership**, an Illinois limited partnership

By: **Lakeshore 87<sup>th</sup> Street Homes, L.L.C.**, an Illinois limited liability company, its sole general partner

By: **CIG 87<sup>th</sup> Street, LLC**, an Illinois limited liability company, its sole manager

By: \_\_\_\_\_  
Jay Johnson, its Manager

**CITY OF CHICAGO**

By: *Dacia M. Berry*  
\_\_\_\_\_  
Commissioner, Department of Planning and Development *BM*

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STATE OF ILLINOIS )  
                                  ) ss  
COUNTY OF COOK    )

I, Richard Klawiter, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Jay Johnson [and \_\_\_\_\_], personally known to me to be the Manager of CIG 87th Street, LLC, an Illinois limited liability ("CIG") which is the sole Manager of Lakeshore 87<sup>th</sup> Street Homes L.L.C., and the sole General Partner of Lakeshore 87th Street Homes Limited Partnership, an Illinois limited partnership (the "Developer") and personally known to me to be the same person(s) whose name(s) is/are 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 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 18<sup>th</sup> day of July, 2003.

[Signature]  
Notary Public

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

(SEAL)



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STATE OF ILLINOIS )  
                                  ) ss  
COUNTY OF COOK    )

I, Yolanda Quesada, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Alicia M. Berg, personally known to me to be the \_\_\_\_\_ Commissioner of the Department of Planning and Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument pursuant to the authority given to him/her by the City, as his/her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 1st day of July, 2003

Yolanda Quesada  
Notary Public

My Commission Expires Aug. 17, 2005



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## EXHIBIT A

### REDEVELOPMENT AREA

[SEE ATTACHED]

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A large, stylized, black ink scribble or signature is centered on the page. It consists of several thick, curved lines that form a complex, abstract shape, possibly resembling a signature or a set of initials.

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## 3. LEGAL DESCRIPTION OF CHATHAM RIDGE REDEVELOPMENT AREA

---

1 PARCEL I

2 THAT PART OF THE SOUTH 35.00 ACRES (EXCEPT THE EAST 304 FEET AS MEASURED AT RIGHT ANGLES  
3 TO THE EAST LINE THEREOF) OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33,  
4 TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY,  
5 ILLINOIS, LYING SOUTH OF THE FOLLOWING DESCRIBED LINE:

6 COMMENCING AT A POINT IN THE EAST LINE OF THE AFORESAID SOUTH EAST QUARTER THAT IS  
7 629.10 FEET NORTH OF THE SOUTH EAST CORNER OF THE AFORESAID SECTION 33; THENCE WEST IN  
8 A LINE PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTHEAST QUARTER (BEING THE NORTH  
9 LINE OF THE SOUTH 300 FEET OF THE NORTH 25.00 ACRES OF THE SAID SOUTH 35 ACRES) TO A  
10 POINT THAT IS 450.00 FEET EAST OF THE WEST LINE OF THE AFORESAID EAST HALF OF THE SOUTH  
11 EAST QUARTER; THENCE NORTH ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE A  
12 DISTANCE OF 57.5 FEET; THENCE WEST ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE  
13 AND PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTHEAST QUARTER A DISTANCE OF 450.00  
14 FEET MORE OR LESS TO THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID  
15 SECTION 33, INCLUDING THAT PART FALLING IN WEST 87<sup>TH</sup> STREET.

16 PARCEL II

17 THAT PART OF THE NORTHEAST QUARTER AND THE EAST HALF OF THE NORTHWEST QUARTER OF  
18 SECTION 4, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK  
19 COUNTY, ILLINOIS LYING NORTHERLY OF THE SOUTHERLY LINE, AND SAID SOUTHERLY LINE  
20 EXTENDED, OF WEST 87<sup>TH</sup> STREET, WEST OF A LINE 304 FEET, (MEASURED AT RIGHT ANGLES THERETO),  
21 WEST OF THE EAST LINE OF SAID NORTHEAST QUARTER SECTION AND EAST OF THE WEST LINE OF  
22 PARNELL AVENUE.

23 PARCEL III

24 THAT PART OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 38 NORTH,  
25 RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, LYING SOUTH  
26 OF THE SOUTH LINE, AND SAID SOUTH LINE EXTENDED WEST, OF LOTS 4 AND 14 IN SEYMOUR  
27 ESTATE SUBDIVISION, (A SUBDIVISION OF THE WEST HALF OF THE SAID SOUTHEAST QUARTER), AND  
28 INCLUDING 87<sup>TH</sup> STREET AND HOLLAND ROAD FALLING WITHIN, EXCEPTING THEREFROM THAT  
29 PORTION OF THE ABOVE DESCRIBED LAND LYING SOUTH AND ADJOINING LOTS 4 AND 14 IN SAID  
30 SEYMOUR ESTATE SUBDIVISION BOUNDED AS FOLLOWS: COMMENCING ON A POINT ON THE  
31 CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY, WHICH POINT IS ALSO ON THE  
32 SOUTHERLY LINE OF SAID LOT 4, EXTENDED WESTERLY; THENCE EASTERLY ALONG SAID EXTENDED  
33 LINE AND THE SOUTHERLY LINES OF SAID LOTS 4 AND 14, 815 FEET, MORE OR LESS; THENCE  
34 SOUTHERLY AT RIGHT ANGLES TO THE LAST DESCRIBED LINE 125 FEET, MORE OR LESS; THENCE  
35 WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY LINE OF SAID LOTS 4 AND 14, A DISTANCE OF  
36 500 FEET; THENCE SOUTHERLY ON A LINE AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, A  
37 DISTANCE OF 625.00 FEET; THENCE WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY LINE OF SAID  
38 LOTS 4 AND 14, 312.50 FEET MORE OR LESS TO A POINT ON THE EASTERLY BOUNDARY LINE OF THE  
39 C&W.I. RAILROAD RIGHT OF WAY; THENCE NORTHWESTERLY ALONG SAID LINE UNTIL INTERSECTING  
40 WITH THE LINE OF THE CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY; THENCE  
41 NORTHERLY UNTIL REACHING THE POINT OF BEGINNING.

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## 42 PARCEL IV

43 THAT PART OF THE EAST HALF OF THE WEST HALF OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14,  
 44 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS LYING SOUTHWESTERLY OF  
 45 THE NORTHERLY LINE OF 83<sup>RD</sup> STREET, AND SAID NORTHERLY LINE EXTENDED NORTHWESTERLY TO  
 46 THE WESTERLY LINE OF VINCENNES AVENUE AND SOUTHEASTERLY OF THE WESTERLY LINE OF  
 47 VINCENNES AVENUE, (EXCEPTING THEREOF THOSE PARTS FALLING IN BLOCKS 1 AND 3 OF WILLIAM  
 48 O. COLE'S SOUTH ENGLEWOOD PARK SUBDIVISION, A SUBDIVISION OF THAT PART OF SOUTH  
 49 ENGLEWOOD KNOWN ON THE ORIGINAL PLAT AS STEVEN A. NEWMAN'S PRIVATE GROUNDS IN THE  
 50 EAST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION RECORDED SEPTEMBER 11, 1873, BOOK  
 51 5, PAGE 99 AND BLOCK 17 OF THE PLAT OF PART OF SOUTH ENGLEWOOD, A SUBDIVISION OF THAT  
 52 PORTION OF SAID SECTION, WHICH LIES WEST AND SOUTHWEST OF HOLLAND SETTLEMENT ROAD  
 53 AND SOUTH AND SOUTHEAST OF VINCENNES AVENUE AND EAST OF THE CENTER LINE OF THE C.R.I.  
 54 & P.R.R. RECORDED JANUARY 16, 1873, BOOK 3, PAGE 80, AND THOSE PARTS OF 85<sup>TH</sup> STREET, 86<sup>TH</sup>  
 55 STREET AND 87<sup>TH</sup> STREET WHICH LIE WEST OF THE WEST LINE, AND SAID WEST LINE EXTENDED, OF  
 56 PARNELL AVENUE INCLUDING THOSE PARTS FALLING IN 83<sup>RD</sup> STREET, 84<sup>TH</sup> STREET, 87<sup>TH</sup> STREET AND  
 57 VINCENNES AVENUE AND INCLUDING ALL THOSE OTHER STREETS AND ALLEYS, DEDICATED OR  
 58 OTHERWISE, FALLING WITHIN SAID LAND OR WHICH MAY REVERT TO THE PUBLIC IN THE FUTURE;  
 59 BUT EXCEPTING THEREFROM THE PARCEL OF LAND BOUNDED AS FOLLOWS: BY THE EASTERLY  
 60 BOUNDARY LINE OF THE C. & W. I. RAILROAD RIGHT-OF-WAY, THE NORTHERLY LINE OF SOUTH  
 61 VINCENNES AVENUE, THE NORTHERLY LINE OF WEST 83<sup>RD</sup> STREET AND THE WESTERLY LINE OF SOUTH  
 62 STEWART AVENUE, (CONSISTING OF APPROXIMATELY 8.2206 ACRES, MORE OR LESS).

## 63 PARCEL V

64 THAT PART OF THE EAST HALF OF THE NORTHWEST QUARTER, WEST HALF OF THE NORTHEAST  
 65 QUARTER, WEST HALF OF THE SOUTHEAST QUARTER AND EAST HALF OF THE SOUTHWEST QUARTER  
 66 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, COOK  
 67 COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

68 BEGINNING AT A POINT IN THE EASTERLY BOUNDARY LINE OF THE C. & W. I. RAILROAD RIGHT-OF-  
 69 WAY, SAID POINT BEING 25.00 FEET NORTHWESTERLY OF THE ORIGINAL SOUTHEASTERLY LINE OF  
 70 SOUTH VINCENNES AVENUE IN THE EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 33,  
 71 SAID POINT ALSO BEING 974.79 FEET NORTHEASTERLY (AS MEASURED ALONG SAID 25.00 FEET  
 72 NORTHWESTERLY OF THE ORIGINAL SOUTHEASTERLY LINE OF SOUTH VINCENNES AVENUE), OF  
 73 NORTH LINE OF WEST 84<sup>TH</sup> STREET; THENCE SOUTHEASTERLY ALONG SAID EASTERLY BOUNDARY LINE  
 74 OF C. & W. I. RAILROAD A DISTANCE OF 1395.39 FEET TO A DEFLECTION POINT; THENCE  
 75 SOUTHEASTERLY BY MAKING AN ANGLE OF 171 DEGREES 52 MINUTES 35 SECONDS TO THE RIGHT,  
 76 (AS MEASURED FROM NORTHWEST TO SOUTHEAST), A DISTANCE OF 33.26 FEET; THENCE EAST ALONG  
 77 A LINE PERPENDICULAR TO THE EAST LINE OF SOUTH STEWART AVENUE TO THE EAST LINE (AS  
 78 WIDENED) OF SAID SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID EAST LINE (AS WIDENED)  
 79 OF SOUTH STEWART AVENUE A DISTANCE OF 100.00 FEET; THENCE WEST 13.00 FEET TO THE  
 80 ORIGINAL EAST LINE OF SAID SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID ORIGINAL EAST  
 81 LINE OF SOUTH STEWART AVENUE TO THE SOUTH LINE OF WEST 83<sup>RD</sup> STREET; THENCE CONTINUING  
 82 NORTH ACROSS SAID WEST 83<sup>RD</sup> STREET TO THE INTERSECTION OF NORTH LINE OF SAID WEST 83<sup>RD</sup>  
 83 STREET AND EAST LINE OF SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID EAST LINE OF  
 84 SOUTH STEWART AVENUE TO THE NORTH LINE OF WEST 81<sup>ST</sup> STREET; THENCE WEST ALONG NORTH  
 85 LINE, (EXTENDED EAST AND WEST), OF SAID 81<sup>ST</sup> STREET TO THE WESTERLY LINE OF SOUTH VINCENNES  
 86 AVENUE; THENCE SOUTHERLY ALONG WESTERLY LINE OF SAID SOUTH VINCENNES AVENUE TO A

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87 DEFLECTION POINT (SOUTH OF 82<sup>ND</sup> PLACE); THENCE SOUTHWESTERLY ALONG SOUTHWESTERLY LINE  
88 OF SAID SOUTH VINCENNES AVENUE TO THE NORTH LINE OF 16 FEET WIDE PUBLIC ALLEY, (NORTH  
89 OF WEST 83<sup>RD</sup> STREET); THENCE SOUTHEASTERLY ACROSS SOUTH VINCENNES AVENUE TO THE POINT  
90 OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

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## EXHIBIT B

### PROPERTY

PART OF LOT 'A', AS SHOWN ON THE PLAT BY CHICAGO AND WESTERN INDIANA RAILROAD, AND FURTHER DESCRIBED BY DEED RECORDED IN VOLUME 5900, PAGE 397 OF THE DEED RECORDS OF COOK COUNTY, A SUBDIVISION OF A PART OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MARCH 29, 1900 AS DOCUMENT 2941409, VOLUME 79, PAGES 2 AND 3, PLAT RECORDS OF COOK COUNTY, ILLINOIS;

TOGETHER WITH THE NORTH 1/2 OF THE 14-FOOT WIDE ALLEY NORTH OF AND ADJACENT TO LOT 5 AND THE EASTERN 32 FEET OF LOT 6 IN BLOCK 18 IN SOUTH ENGLEWOOD, A SUBDIVISION IN THE SOUTHWEST 1/4 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 16, 1873 AS DOCUMENT 78778, COOK COUNTY, ILLINOIS, DESCRIBED AS:

COMMENCING AT THE POINT OF INTERSECTION OF THE EAST LINE OF PARNELL AVENUE, 66 FEET WIDE, WITH THE NORTH LINE OF 87TH STREET, 200 FEET WIDE; THENCE DUE NORTH ALONG THE EAST LINE OF PARNELL AVENUE, A DISTANCE OF 158.00 FEET TO THE NORTH LINE OF THE ALLEY IN BLOCK 18 IN SOUTH ENGLEWOOD, A SUBDIVISION, THE POINT OF BEGINNING; THENCE CONTINUING DUE NORTH, ALONG THE EAST LINE OF SAID PARNELL AVENUE, A DISTANCE OF 1697.90 FEET TO A POINT; THENCE SOUTH 89 DEGREES, 20 MINUTES, 00 SECOND EAST, A DISTANCE OF 2.55 FEET TO A POINT; THENCE SOUTH 12 DEGREES, 27 MINUTES, 39 SECONDS EAST, A DISTANCE OF 250.78 FEET TO THE POINT OF CURVATURE OF A 1407.70 FOOT RADIUS CURVE TO THE LEFT; THENCE SOUTHEASTERLY ALONG SAID 1407.70 FEET RADIUS CURVE AN ARC DISTANCE OF 494.83 FEET TO THE POINT OF TANGENCY; THENCE SOUTH 32 DEGREES, 36 MINUTES, 06 SECONDS EAST, A DISTANCE OF 534.26 FEET TO THE POINT OF CURVATURE OF A 2158.69 FOOT RADIUS CURVE TO THE RIGHT; THENCE SOUTHEASTERLY ALONG SAID 2158.69 FOOT RADIUS CURVE AN ARC DISTANCE OF 496.26 FEET TO A POINT; THENCE NORTH 89 DEGREES, 15 MINUTES, 25 SECONDS WEST ALONG A LINE NOT TANGENT TO THE AFORESAID 2158.69 FOOT RADIUS CURVE AND ALONG THE NORTH LINE OF THE CONCORD OIL COMPANY TRACT AND THE EASTWARD PROJECTION THEREOF, A DISTANCE OF 312.86 FEET TO AN IRON PIPE; THENCE SOUTH 00 DEGREE, 44 MINUTES, 35 SECONDS WEST ALONG THE WEST LINE OF SAID CONCORD TRACT, A DISTANCE OF 269.89 FEET TO AN IRON PIPE; THENCE NORTH 89 DEGREES, 23 MINUTES, 47 SECONDS WEST ALONG THE NORTH LINE OF SAID 87TH STREET, A DISTANCE OF 235.45 FEET TO A POINT IN THE EAST LINE OF LOT 5 IN BLOCK 18 IN SOUTH ENGLEWOOD, A SUBDIVISION, IN THE SOUTHWEST 1/4 OF SAID SECTION 33; THENCE DUE NORTH



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ALONG THE EAST LINE OF SAID LOT 5, A DISTANCE OF 151.00 FEET TO A POINT IN THE CENTERLINE OF THE ALLEY IN SAID BLOCK 18; THENCE NORTH 89 DEGREES, 23 MINUTES, 47 SECONDS WEST ALONG THE CENTERLINE OF SAID ALLEY, A DIST OF 98.00 FEET TO A POINT ON THE NORTHWARD PROJECTION OF A LINE 32 FEET WEST OF AND PARALLEL TO THE EAST LINE OF LOT 6 IN SAID BLOCK 18; THENCE DUE NORTH ALONG THE NORTHWARD PROJECTION OF SAID LINE 32 FEET WEST OF AND PARALLEL TO THE EAST LINE OF LOT 6, A DISTANCE OF 7.00 FEET TO A POINT IN THE NORTHEAST CORNER OF THE REMAINING PORTION OF THE 14-FOOT WIDE ALLEY IN SAID BLOCK 18; THENCE NORTH 89 DEGREES, 23 MINUTES, 47 SECONDS WEST ALONG THE NORTH LINE OF SAID ALLEY, A DISTANCE OF 100.60 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Tax Index Number: 20-33-305-028

Common Address: A parcel of land bounded by the Chicago and Western Railroad on the east, S. Parnell Avenue on the west, W. 87th Street on the south and W. 83rd Street on the north in Chicago, Illinois.

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## EXHIBIT C

### LAKESHORE 87<sup>TH</sup> STREET HOMES

#### TIF-ELIGIBLE COSTS

Land Acquisition and Related Expenses	\$2,263,990
Site Prep: Parnell Roadway	\$2,005,400
Site Prep: Internal Roads and Utilities	\$1,810,527
Direct TIF-Related Soft Costs: Parnell	\$408,910
Direct TIF-Related Soft Costs: Internal Roads	\$381,347
Indirect TIF-Related Soft Costs	\$139,950
Interest	<u>\$195,000</u>
	\$7,205,124

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## EXHIBIT G

### PERMITTED LIENS

1. REDEVELOPMENT AGREEMENT BETWEEN CITY OF CHICAGO AND LAKESHORE 87<sup>TH</sup> STREET HOMES LIMITED PARTNERSHIP.
2. CONSTRUCTION MORTGAGE, ASSIGNMENT OF RENTS AND LEASES, SECURITY AGREEMENT AND FIXTURE FINANCING STATEMENT MADE BY LAKESHORE 87<sup>TH</sup> STREET HOMES LIMITED PARTNERSHIP IN FAVOR OF NEW CENTURY BANK AND RECORDED ON \_\_\_\_\_, 2003, AS DOCUMENT No. \_\_\_\_\_.
3. ASSIGNMENT OF RENTS AND LEASES MADE BY LAKESHORE 87<sup>TH</sup> STREET HOMES LIMITED PARTNERSHIP IN FAVOR OF NEW CENTURY BANK AND RECORDED ON \_\_\_\_\_, 2003, AS DOCUMENT No. \_\_\_\_\_.
4. UNRECORDED EASEMENT IN FAVOR OF COMMONWEALTH EDISON FOR THE RIGHT TO MAINTAIN AND REPAIR OVERHEAD FACILITIES AS DISCLOSED BY UTILITY LETTER DATED DECEMBER 5, 2000.
5. RIGHTS OF PUBLIC OR QUASI-PUBLIC UTILITIES, IF ANY, FOR MAINTENANCE THEREIN (THAT PART OF THE PROPERTY FALLING IN THE 14 FOOT ALLEY WHICH IS PART OF THE PROPERTY) OF POLES, CONDUITS, SEWERS, ETC.
6. RIGHT, PERMISSION AND AUTHORITY CREATED BY GRANT FROM THE CHICAGO AND WESTERN INDIANA RAILROAD COMPANY TO COMMONWEALTH EDISON COMPANY, ITS SUCCESSORS AND ASSIGNS, DATED FEBRUARY 13, 1929 AND RECORDED FEBRUARY 19, 1929 AS DOCUMENT 10288212, TO ERECT, MAINTAIN AND OPERATE POLES, CROSSARMS, WIRES, CABLES AND OTHER OVERHEAD OR UNDERGROUND EQUIPMENT FOR THE TRANSMISSION OF ELECTRICITY IN, UPON AND ALONG CERTAIN VACATED ALLEYS, STREETS OR STRIPS OF LAND THEREIN DESCRIBED WITH RIGHT OF ACCESS THERETO AT ALL REASONABLE TIMES TO MAKE ADDITIONS, ALTERATIONS OR REPAIRS TO THE SAME, IT BEING AN EXPRESS CONDITION OF SAID GRANT THAT SAID COMMONWEALTH EDISON COMPANY SHALL AT THE REQUEST OF THE OWNER OF SAID LAND AND UPON 60 DAYS' NOTICE IN WRITING FROM HIM, MOVE AND RELOCATE ITS POLES AND EQUIPMENT TO ANOTHER SUITABLE LOCATION ON SAID LAND UPON SAID OWNER PAYING TO COMMONWEALTH EDISON COMPANY ITS ACTUAL COST AND EXPENSE INCURRED BY REASON THEREOF, ALSO THAT IN CASE A BUILDING OR STRUCTURE IS ERECTED IN SAID PREMISES IN DANGEROUS PROXIMITY TO SAID POLES, WIRES AND EQUIPMENT, SAID OWNER SHALL NOTIFY THE COMMONWEALTH EDISON COMPANY PRIOR TO THE CONSTRUCTION OF ANY SUCH BUILDING OR STRUCTURE AND SHALL PAY TO THE COMMONWEALTH EDISON COMPANY ITS ACTUAL COST AND EXPENSE INCURRED BY REASON OF ESTABLISHING SAFE CLEARANCE.

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## EXHIBIT H-1

### LAKESHORE 87<sup>TH</sup> STREET HOMES

#### PROJECT BUDGET

<b>Uses</b>	
Land Acquisition	\$2,263,990
Site Development	\$3,815,927
Building Construction	\$15,007,400
Professional/Marketing/Taxes	\$3,406,304
Direct TIF-related Soft Costs	\$804,650
Indirect TIF-related Soft Costs	\$2,675,662
Interest	<u>\$651,185</u>
<b>Total Uses - Homes</b>	<b>\$28,625,118</b>

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## EXHIBIT H-2

### LAKESHORE 87<sup>TH</sup> STREET HOMES

#### MBE / WBE PROJECT BUDGET

Site Development	\$3,815,927
Building Construction	\$15,007,400
Direct TIF-related Soft Costs (Related to Parnell & internal roads)	\$804,650
Indirect TIF-related Soft Costs (Arch. & Eng., Leal, Acct., Env.)	<u>\$2,230,662</u>
	\$21,858,639

MBE Minimum Budget:  $\$21,858,639 \times .25 = \$5,464,659$

WBE Minimum Budget:  $\$21,858,639 \times .05 = \$1,092,931$

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## EXHIBIT N

### PUBLIC BENEFITS PROGRAM

#### **African-American Real Estate and Construction Youth Outreach Program**

##### **Vision**

The vision of this program is to introduce careers in real estate and construction to African-American high school juniors and seniors. Students will be exposed to African-American real estate and construction professional through a series of monthly meetings.

##### **Approach**

The 6-month program will run from 3pm - 5pm on the first Thursday of each month at Simeon High School. The seminar series will feature presentations and panel discussions by African-American professionals from the Chicagoland area. The series will be as follows: month 1 architects, surveyors and engineers; month 2 construction, general contractors and subcontractors; month 3 residential and commercial developers; month 4 real estate sales agents and brokers; month 5 mortgage bankers and brokers; and month 6 lawyers and other professionals.

##### **Selection**

20-30 juniors and seniors students from Chicago Public High Schools with at least a grade point average of B or higher will be invited to participate.

##### **Scholarship**

Scholarships will be awarded to 4 high school senior students. A 5-member committee will select the scholarship recipients. The criteria for scholarships will include the completion of an essay relating to a career in real estate or construction, high school academic performance, seminar attendance, etc. Institutional donors will be sought to underwrite three of the four scholarships.

##### **Internships**

Program participants will have an opportunity to gain work experience and industry knowledge through internships. Full time paid internship opportunities will be available in the summer. Part time internships will be available during the school year. Students "shadowing" of real estate and construction professionals will also be arranged. Each student will get one opportunity to "shadow".

##### **Program Coordination**

The program will be coordinated by representatives of LakeShore, Simeon High School and another individual to be identified. The cost of the first 2 years of the program will be underwritten by LakeShore in connection with its development of the homes at 87th Street & Parnell Avenue.

##### **November Kick-off**