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This document prepared by
and after recording
return to:

Paul N. Keller
Ancel Glink Diamond Bush DiCianni &
Krafthefer
140 S. Dearborn Suite 600
Chicago, Illinois 60603

Doc#: 0906234049 Fee: \$80.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 03/03/2009 10:23 AM Pg: 1 of 23

MANNHEIM HIGGINS REDEVELOPMENT AGREEMENT

THIS MANNHEIM HIGGINS REDEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this 28th day of August, 2008, by and between the CITY OF DES PLAINES, an Illinois home rule municipal corporation located in Cook County, Illinois (the "City") and HNI LLC, an Illinois limited liability company, its successor or assignee ("HNI"). (The City and HNI are hereinafter collectively referred to as "Parties" and individually referred to as a "Party".)

RECITALS:

- A. HNI wishes to acquire from the City certain real estate, which property is legally described on Exhibit A attached hereto and incorporated herein by this reference (the "Property").
- B. HNI proposes to construct on the Property, at HNI's sole expense, one or two midscale hotels with approximately 340 total rooms but not fewer than 300 rooms (meaning hotels that are generally consistent with standards maintained as of the date hereof by those hotel brands that are listed in the "Midscale Brands" of the then current STR Chain Scales published and updated annually by Smith Travel Research; A midscale hotel shall include, by way of example but not of limitation, Baymont Inns & Suites, Fairfield Inn, Hampton Inn & Suites, Holiday Inn Express, Springhill Suites, Wellesley Inn and Park Inn Suites) with food and beverage services, a parking facility, restaurant and commercial floor area and uses, and other improvements (the "Project"), which will be more fully developed as HNI proceeds through the preliminary PUD approval process. The City is successor to a lease with third parties for the "Billboard Site". The City will retain title to the "Billboard Site" parcel, the legal description of which will be developed and made a part of the Preliminary Planned Unit Development to be presented to the Council for consideration, in due time.
- C. The City has the authority, pursuant to the laws of the State of Illinois, to promote the health, safety, and welfare of the City and its inhabitants, to prevent the spread of blight, to encourage private development in order to enhance the local tax base, to increase employment, and to enter into contractual agreements with third parties for the purpose of achieving these purposes.

STEWART TITLE COMPANY
Commercial Division
2 N. LaSalle St., Suite 1400
Chicago, IL 60602
312-849-4400
585875

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D. The City has the authority under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"), to finance redevelopment in accordance with the conditions and requirements set forth in the Act.

E. To stimulate and induce redevelopment pursuant to the Act, the City, after giving all notices required by law and after conducting all public hearings required by law, adopted the following ordinances (collectively, the "TIF Ordinances"): Ordinance No. M-57-01, adopted October 15, 2001, "An Ordinance Approving a Tax Increment Redevelopment Plan and Redevelopment Project" for the Mannheim Higgins Redevelopment Project Area; and Ordinance No. M-58-01, adopted October 15, 2001, "An Ordinance Designating the Mannheim Higgins Redevelopment Project Area"; and Ordinance No. M-59-01, adopted October 15, 2001, "An Ordinance Adopting Tax Increment Allocation Financing for the Mannheim Higgins Redevelopment Project Area (the "Redevelopment Area"), which Redevelopment Area is legally described in Exhibit B attached hereto. All three ordinances were signed by the Mayor on October 16, 2001.

F. HNI has indicated to the City that, because of the extraordinary costs that it will incur in constructing the Project, it cannot proceed in an economic manner with the construction of the Project, and that it will not proceed with said construction unless it receives from the City reimbursement of a portion of the costs of development and construction. The City has determined that, but for the economic incentives and assistance afforded to HNI pursuant to this Agreement, the construction of the Project will not be possible and HNI would not proceed with the construction of the Project.

G. The City has determined that the public health, safety and welfare will be furthered by the construction of the Project, which will (i) lead to the redevelopment of a key commercial site within the Redevelopment Area, (ii) further the City's interest in the creation of job opportunities within the community, (iii) promote commercial and tourism activity and enhance the City's tax base and (iv) be generally in the best interests of the City.

H. The City has agreed to reimburse HNI for certain of the costs HNI expends in developing and constructing the Project, to the extent (i) that revenues generated by the Project are received into the O'Hare Corridor Privilege Tax Fund pursuant to Ordinance M-65-04 and Ordinance M-66-06 (the "O'Hare Corridor Privilege Tax"), and (ii) that, pursuant to the TIF Ordinances and Section 5/11-74.4-8(b) of the Act, ad valorem taxes generated by the Property are allocated to and when collected are paid to the Treasurer of the City for deposit by said Treasurer into the Redevelopment Area TIF Fund established to pay "Redevelopment Project Costs" (as defined in the Act) and obligations incurred in the payment thereof ("Incremental Taxes").

I. The City has authority to enter into this Agreement pursuant to the Act and its home rule powers and HNI warrants that it has the requisite authority to enter into this Agreement.

J. The Parties desire to enter into this Agreement to set forth certain rights and obligations in connection with the use and development of the Property, as hereinafter set forth.

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K. HNI has disclosed to the City all of the business entities, trusts and natural persons having any ownership interest in HNI and its constituent entities and persons on the City's Economic Disclosure Statements, a summary of which is attached hereto as Exhibit D. HNI avers that the information disclosed is accurate and complete in all material respects as of the date of execution of this Agreement. The City is expressly relying on the accuracy and completeness of that information. In the event that the information is found by a court of competent jurisdiction to have been materially inaccurate or incomplete at the time of submission of said Economic Disclosure Statements to the City, the City may, in its sole discretion, declare this Agreement void; provided, HNI shall have a period of 30 days following a finding of inaccuracy or incompleteness of a disclosure, and receipt of written notice thereof, to correct such inaccuracy or incompleteness. The City's Economic Disclosure Statements submitted by HNI, summarized in Exhibit D, are hereby incorporated into this Agreement and made a part hereof as though fully set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and agreements herein made, the Parties hereby agree as follows:

1. Recitals. The Parties acknowledge that the statements and representations contained in the foregoing recitals are true and accurate, are incorporated into this Agreement as if fully set forth in this Section 1, and form part of the consideration for this Agreement.
2. Conflict in Terms. This Agreement for all purposes shall be deemed to be one instrument. In the event of any conflict between the terms and provisions of this Agreement and the terms and provisions of any other document, the terms and provisions of this Agreement shall, in all instances, control and prevail.
3. Conveyance of Real Estate: The City agrees to convey to HNI the real estate described in Exhibit A hereto (the "Property") in consideration of payment by HNI to the City of not more than Two Million Seven Hundred Thousand Dollars (\$2,700,000.00) upon such conveyance (the "Price"). The City shall convey good and marketable title to the Property to HNI, or its nominee, by warranty deed (free and clear of all encumbrances) upon written request from HNI to the City that such conveyance be made (in the manner provided for notice in Section 19 hereof); provided, however, (i) the City hereby grants permission to HNI and its employees, consultants and agents, to enter upon the Property for the purpose of conducting due diligence related to the suitability of the Property for the Project and preparing plans for the Project; and (ii) the City shall, promptly following the execution of this Agreement, complete all remediation work on the Property necessary for the completion and approval by the Illinois Environmental Protection Agency of a draft no further remediation letter for the Property, at the City's cost. The closing of the conveyance of the Property as set forth in this Section ("Closing") shall occur on a date mutually agreeable to the Parties but promptly following HNI's written request to the City as provided in the preceding sentence. The City shall retain title to the "Billboard Site" real estate, which will be legally described as a part of the Preliminary PUD.

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4. Final Approval of Plans: HNI will prepare a site plan, landscape plan, engineering plan and other plans and plats (collectively, the "Plans") for the development of the Property with the Project, which will be more fully developed as HNI proceeds through the preliminary PUD approval process. The City agrees to cooperate with HNI to facilitate the review and preliminary and final approval of the Plans by all applicable City and other regulatory agencies promptly upon submission of the Plans to the City. Provided that final versions of the Plans have been approved by the City Council and all applicable City and other regulatory agencies, and are in compliance with all applicable City codes, the City agrees to approve said final versions of the Plans, and to execute a final plat of subdivision (if applicable), within fifteen days following receipt thereof (including all required signatures with the exception of those of the City).
5. Approval of Permits: The City agrees to promptly review all plans and applications in accordance with applicable City ordinances and to issue all clearing, grading, building or other permits for the phases or stages of construction as HNI and/or the owner of the Property, in HNI's sole discretion, elect to construct from time to time, provided that all such construction and development (i) shall conform to the terms and provisions of this Agreement, and (ii) shall conform to applicable City ordinances, rules and regulations as the same may be modified or amended pursuant to the terms of this Agreement. If any City code, ordinance or regulation is hereafter adopted, amended or interpreted so as to be less restrictive with respect to the development of the Property than is currently the case, then at the option of HNI or the owner of the Property, as the case may be, such less restrictive amendment or interpretation shall control. All codes, ordinances, rules and regulations of the City in effect as of the date hereof shall continue in effect insofar as they relate to the use and development of the Property during the entire term of this Agreement, except as otherwise provided herein and except to the extent of amendments mandated by state or federal requirements.
6. HNI Construction: In connection with its development of the Property, HNI shall construct or cause to be constructed at its sole cost and expense the Project as described in Paragraph B above, together with those improvements shown on the final approved plats and Plans, subject to the conveyance of the Property as described in Section B above, the approval of Planned Unit Development zoning designation for the Property, and the approval of the final approved plats and Plans by the City and other regulatory agencies. HNI agrees to execute a Project Labor Agreement stipulating that union labor will be used on the construction of the Project.
7. Reimbursement to HNI.
- A. In view of the benefits of the Project to the general public and specifically because of the public benefits that will accrue to the City as a result of HNI's construction of the Project, the City shall reimburse HNI for a portion of the cost of constructing the Project, by making disbursements to HNI of the proceeds of the O'Hare Corridor Privilege Tax attributable to the Property ("Hotel Tax"), not to exceed Three Million Five Hundred Thousand dollars (\$3,500,000.00) together with accumulated interest at a rate of 7.5% per annum, accruing from the date of Closing ("Reimbursement"). To the extent that the Hotel Tax proceeds are insufficient to pay the Reimbursement (and only if said proceeds are insufficient for such

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purposes), the City shall pay the Reimbursement from Incremental Taxes generated by the Property, subject to confirmation that costs to be reimbursed from Incremental Taxes qualify as "Redevelopment Project Costs" under the Act as of the date of this Agreement. On the date of Closing, the City shall issue a Promissory Note to HNI in the form attached hereto as Exhibit C (the "Note"). Interest on the Note will accrue upon issuance and shall be payable from the O'Hare Corridor Privilege Tax and/or Incremental Taxes, as described above. The City may not prepay, without HNI's consent, the Note for a period of five years following the date of issuance of the Note ("Lock Out Period"); provided, the Developer shall be permitted to sell, assign or pledge the Note to a lender or qualified investor upon issuance. On or before March 31 of the year following the year in which the construction of the Project is completed (as determined by the City Engineer) and opens for business, and on each March 31st thereafter until the Reimbursement is paid, the City shall make disbursements to HNI of the Reimbursement from the proceeds of the Hotel Tax which shall be deposited into a special account (the "Reimbursement Account") which the City shall establish and into which it shall deposit all proceeds from the O'Hare Corridor Privilege Tax generated from the operation of the Property for the preceding year. The City covenants that it shall not encumber the Hotel Tax, the Incremental Taxes generated by the Property (except to the extent that said Incremental Taxes are encumbered by indebtedness of the type and amount outstanding as of the date of this Agreement), or the Reimbursement Account for any purpose, nor shall it borrow, use or pledge the Reimbursement Account unless otherwise agreed to by HNI. In addition, the City shall not pledge or apply any portion of the Hotel Tax or the Incremental Taxes (except to the extent that said Incremental Taxes are pledged to secure indebtedness of the type and amount outstanding as of the date of this Agreement) to any other purpose or payment of any other obligation of the City other than as required by this Agreement and the City will not commingle the monies deposited in the Reimbursement Account with the City's other monies. The City's Treasurer shall automatically and punctually pay HNI, or cause HNI to be paid, all proceeds from the O'Hare Corridor Privilege Tax generated from the Property and deposited in the Reimbursement Account. No portion of the Hotel Tax, the Incremental Taxes or the Reimbursement Account shall be used directly or indirectly in any fashion other than as set forth herein, nor to replace any other source of revenue, nor to repay any other obligation of the City now existing or arising during the term of this Agreement. The Incremental Taxes shall be used as the source of the Reimbursement payments only to the extent that the Hotel Tax is insufficient as the source of the Reimbursement payments, and any annual Reimbursement payment shortfall paid by Incremental Taxes will be paid with the payment due in the second year following the year in which such a shortfall occurs.

B. Any repeal, amendment or modification of the O'Hare Corridor Privilege Tax or Ordinance M-65-04 and Ordinance M-66-06 without the prior consent of HNI shall constitute a material breach of this Agreement. HNI acknowledges that payment of the Reimbursement shall be restricted to money deposited in the O'Hare Corridor Privilege Tax Account from the Project pursuant to this Agreement; that the City's obligation to pay the Reimbursement shall constitute a commitment of the City payable as set forth herein solely from O'Hare Corridor Privilege Tax revenues generated by the Project; that the full faith and credit of the City does not stand as security for the City's obligations to pay the Reimbursement; and that the City's obligation shall not constitute a debt of the City within any meaning of any constitutional limitation or statutory provision; provided notwithstanding the previous clause, the City agrees that if the O'Hare

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Corridor Privilege Tax is insufficient to pay the Reimbursement and amounts due on the Note, then Incremental Taxes shall be pledged and made available for such payments.

8. Suspension of Payments; Reversionary Right to Property. Notwithstanding anything to the contrary contained herein, the City shall have the right to suspend or terminate payment of the Reimbursement if, after opening, the Property ceases to operate as a hotel for a continuous period of more than 120 days; provided, however, the 120-day period shall be deemed extended, and there shall be no interruption in any payments made toward the Reimbursement, in the event of a casualty or other event beyond HNI's reasonable control which requires that the Property cease operations, or if non-operation is related to necessary repair or rehabilitation work, or if non-operation is due to and occurs only during a transfer of the Property from one hotel operator to another hotel operator. If the Property ceases to operate as a hotel and such operation resumes within one year of such cessation, then payments on the Note also shall resume. In addition to suspension or termination of future Reimbursement payments in the event that the Project ceases operations as described above, the City shall also be entitled to exercise an action for reverter of title to the Property if construction of the Project has not commenced as of the date twenty-four (24) months following full execution of this Agreement, subject to the City's remediation and conveyance of the Property as described in Section 3 hereof, approval of the final versions of the Plans by the City and other regulatory agencies as described in Section 4 hereof, and approval of permits as described in Section 5 hereof; provided that (i) the City shall refund to HNI the Price as defined in Section 3 in consideration for its exercise of said reverter, (ii) the City shall have a right to lien the Property to enforce said reverter, and (iii) said reverter and right to lien shall be subordinate to the liens of any construction lenders against the Property and the City shall execute a subordination agreement or agreements as required by any such lender to confirm said subordination.
9. Fees Donation, and Contributions. HNI shall pay to the City all generally applicable building permit fees, plan review fees, utility tap-on or connection fees, and similar types of fees ("Fees") required in connection with the development of the Property as of the date hereof. No new fees shall be imposed upon HNI, or upon the development and use of the Property during the term hereof except as otherwise specifically provided in this Agreement.
10. Amendment. This Agreement, and the exhibits attached hereto, may be amended only by the mutual consent of the Parties, by adoption of an ordinance by the City approving said amendment as provided by law, and by the execution of said amendment by the Parties or their successors in interest; provided, however, that if the City Manager has determined that such modification is minor, appropriate and consistent with the terms and conditions of this Agreement and the purposes underlying the provisions hereof, such change may be consented to administratively by the City Manager without the same being deemed an amendment to this Agreement.
11. Severability. If any provision, covenant, agreement, or portion of this Agreement or its application to any person, entity, or property is held invalid, such invalidity shall not affect the application or validity of any other provisions, covenants, or portions of this Agreement and, to that end, all provisions, covenants, agreements, and portions of this agreement are declared to be severable.

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12. Assignment. This Agreement runs with the land. The Property shall not be sold, transferred, conveyed or otherwise alienated, and this Agreement may not be assigned, except to a subsidiary of HNI or other entity owned or controlled by, or owning or controlling, HNI, without consent of the City; provided, HNI shall have the unrestricted right to transfer the Property or portions thereof, to hotel operators and/or developers and operators of commercial and restaurant portions of the Project at or after Closing and/or to sell, transfer, convey or otherwise assign the Note to lenders (and with respect to lenders, to collaterally assign the Agreement) and/or qualified investors upon Closing. Except as provided in the second sentence of this paragraph, if all or any portion of the Property is sold or otherwise alienated without consent of the City to the extent such consent is required, this Agreement shall become an obligation of the party acquiring the Property, and HNI shall continue to be subject to all rights and obligations hereunder as affects the portion of the Property sold or conveyed. Upon completion of construction of the Project, as evidenced by a certificate of completion issued by the City, HNI or subsequent owners and/or assignees shall be permitted to sell, transfer, convey and/or assign this Agreement, the Property and/or the Note without restriction. The City will approve a certificate of completion for the Project immediately upon completion of construction of the Project and opening of the hotel(s) on the Property.
13. Change in Ownership. In the event that there is a change or transfer of ten percent (10%) or more in the ownership of or beneficial interest of any legal entity or trust identified in the Economic Disclosure Statements submitted by HNI, HNI shall notify the City in writing within fifteen 15 days of the change or transfer, specifying the nature of the change or transfer and submitting a new Economic Disclosure Statement for any new legal or beneficial owner. If HNI inadvertently or otherwise fails to provide the notice to the City required by the first sentence of this section, then HNI shall have a period of 15 days following actual notice of such a failure during which to cure such failure.
14. Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the successors of HNI and their respective successors, grantees, lessees, and assigns, and upon successor corporate authorities of the City and successor municipalities and HNI shall have the right to assign the rights, liabilities and obligations under this Agreement and to transfer the Property.
15. Term. The term of this Agreement as well as the City's obligation to pay the Reimbursement, shall end upon payment in full by the City of the Reimbursement amount and all amounts due on the Note, including all accrued interest; provided, however, that the obligation of the City to make payment from Incremental Taxes shall not extend beyond the termination of the term of the Redevelopment Area.
16. Reciprocal Easement Agreement. In the event the Property is divided and there is more than one owner, the respective owners of the Property shall record against the Property a reciprocal easement agreement, reasonably satisfactory to the City, which provides, among other things, for reciprocal easement rights with respect to ingress/egress and parking for the Property.

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17. Mutual Assistance. The Parties shall do all things necessary or appropriate to carry out the terms and provisions of this Agreement and to aid and assist each other in carrying out the terms and objectives of this Agreement and the intentions of the Parties as reflected by said terms, including, without limitation, the giving of such notices, the holding of such public hearings, the enactment by the City of such resolutions and ordinances and the taking of such other actions as may be necessary to enable the Parties' compliance with the terms and provisions of this Agreement and as may be necessary to give effect to the terms and objectives of this Agreement and the intentions of the Parties as reflected by said terms. The City agrees, at no cost to the City, to use its best efforts, upon request, to promptly execute all pertinent applications needed or requested by HNI or its successor owners of the Property for permits from public or private agencies from whom a permit is required in connection with the development of the Property, provided that such permit applications are prepared in accordance with applicable requirements, and the City further agrees to use its best efforts to cooperate with HNI and its successor owners of the Property in the securing of such permits from such agencies.

18. Remedies. Upon a breach of this Agreement, any of the Parties, in any court of competent jurisdiction, by an action or proceeding at law or in equity, may secure the specific performance, may be awarded damages for failure of performance, or both. No action taken by any Party pursuant to the provisions of this Article or pursuant to the provisions of any other Article of this agreement shall be deemed to constitute an election of remedies and all remedies set forth in this Agreement shall be cumulative and non-exclusive of any other remedy either set forth herein or available to any Party at law or in equity.

The failure of any Party to insist upon the strict and prompt performance of the terms, covenants, agreements and conditions herein contained, or any of them, upon any other party imposed, shall not constitute or be construed as a waiver or relinquishment of such Party's right thereafter to enforce any such term, covenant, agreement or condition, but the same shall continue in full force and effect.

If the performance of any covenant to be performed hereunder by any Party is delayed as a result of circumstances which are beyond the reasonable control of such Party (which circumstances shall include acts of God, war, acts of civil disobedience, strikes or similar acts) the time for such performance shall be extended by the amount of time of such delay.

19. Notices. Any notice to be given or served hereunder or under any document or instrument executed pursuant hereto shall be in writing and shall be (i) delivered personally, with a receipt requested therefore; or (ii) sent by telecopy facsimile; or (iii) sent by a recognized overnight courier service; or (iv) delivered by United states registered or certified mail, return receipt requested, postage prepaid. All notices shall be addressed to the Parties at their respective addresses set forth below, and the same shall be effective (a) upon receipt or refusal if delivered personally or by telecopy facsimile; (b) one (1) business day after depositing with such an overnight courier service (subject to confirmation of receipt) or (c) upon signature of the receiving party, if mailed. A Party may change its address for receipt of notices by service of a notice of such change in accordance herewith. All notices by telecopy facsimile shall be subsequently confirmed by U.S. certified or registered mail.

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If to the City: City of Des Plaines
1420 Miner Street
Des Plaines, Illinois 60016
Attn: City Clerk

With a Copy to: City of Des Plaines
1420 Miner Street
Des Plaines, Illinois 60016
Attn: City Attorney
Fax: 847-391-5003

And a Copy to: Paul N. Keller
Ancel Glink Diamond Bush DiCianni & Krafthefer PC
140 S Dearborn Suite 600
Chicago IL 60603

If to HNI: c/o The Harlem Irving Companies, Inc.
4104 North Harlem Avenue
Norridge, Illinois 60706
Attn: Gregory E. Fix, Esq.
Fax: 773-625-0056

With a Copy to: DLA Piper US LLP
203 North LaSalle Street, Ste. 1900
Chicago, Illinois 60601
Attn: Paul W. Shadle, Esq.
Fax: 312-236-7516

20. Time of Essence. Time is of the essence of this Agreement and of each and every provision hereof.

21. City Approval. Wherever any approval or consent of the City, or of any of its departments, officials, or employees, is called for under this Agreement, the same shall not be unreasonably withheld or delayed.

22. Interpretation. This Agreement has been negotiated by both Parties and shall not be construed against the Party drafting this Agreement.

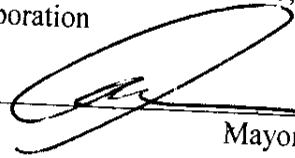
23. Recording: Upon approval of this Agreement by the respective parties this Agreement shall be recorded by the City at the expense of HNI with the Cook County Recorder of Deeds Office, Cook County, Illinois.


24. Choice of Law; Venue: This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois. The Parties consent to suit in the Circuit Court of Cook County for any action to enforce this Agreement.

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written and, by so executing, each of the Parties warrants that it possesses full right and authority to enter into this Agreement.

CITY OF DES PLAINES, an Illinois municipal corporation

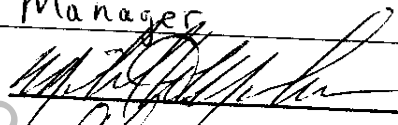
By:  _____
Mayor

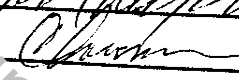
Attest:  _____
City Clerk

HNI, LLC

By The Hartem Irving Companies, Inc.

Its: Manager

By:  _____

Its:  _____

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EXHIBIT A

THE PROPERTY

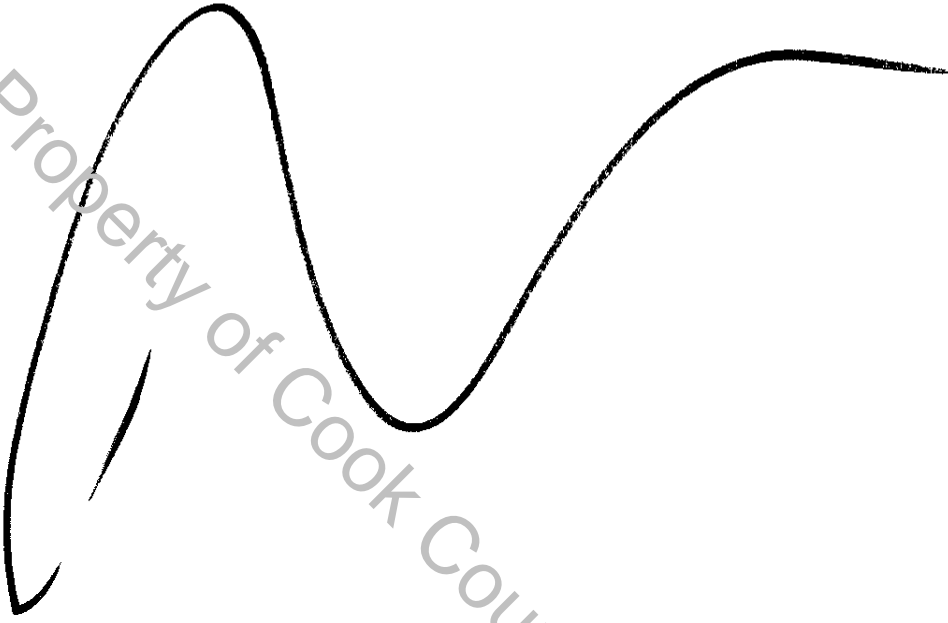
- Parcel 5: Lots 1 and 2 in Speedway Acres, being a Subdivision of part of the Southwest 1/4 of Section 33 Township 41 North, Range 12, East of the Third Principal Meridian, in Cook County, Illinois.
- Parcel 6: Beginning at a point in the center line of a highway known as "Orchard Place Road" in the Southwest Quarter of Section 33, Township 41 North, Range 12, East of the Third Principal Meridian, a distance of 352 feet 3 inches due South from the South line of Central Avenue in "Boesch's" Addition to Orchard Place; Running Thence South 87 1/2° West parallel to said South line 180 feet; Thence South parallel to the West line of said Quarter Section, 50 feet; Thence North 87 1/2° East 180 feet to the center line of said Orchard Place road aforesaid; Thence North on the center line of Orchard Place Road aforesaid, 50 feet to the place of beginning, in Cook County, Illinois.
- Parcel 7: The South 6 feet of the North 1111.85 feet of the East 180 feet of the West 7.14 chains of the Southwest Quarter of Section 33, Township 41 North, Range 12, East of the Third Principal Meridian, in Cook County, Illinois.
- Parcel 8: That part of the Southwest Quarter of Section 33, Township 41 North, Range 12, East of the Third Principal Meridian, described as follows: beginning at a point in the center line of Orchard Place Road, 277 feet 3 inches due South from the South line of Central Avenue in Bresche's Addition to Orchard Place; Running Thence South 87 1/2° West parallel to said South line, 180 feet; Thence South parallel to the West line of said Quarter Section, 75 feet; Thence North 87 1/2° East 180 feet to the center line of said Orchard Place Road aforesaid; Thence North along the center line of said Orchard Place Road, 75 feet to the place of beginning, in Cook County, Illinois.
- Parcel 9: That part of the Southwest Quarter of Section 33, Township 41 North, Range 12, East of the Third Principal Meridian, described as follows: commencing at the intersection of the West line of Orchard Place Road and the South line of Central Avenue; Thence West along the South line of said Central Avenue, 93.75 feet; Thence South parallel with the West line of the Southwest Quarter aforesaid 129.16 feet to a point of beginning of this Tract "B"; Thence continuing South along the aforesaid line 148.09 feet; Thence East 150 feet to a point on the West line of said Orchard Place Road; Thence North along the West line of said Orchard Place Road, 49.43 feet; Thence Northwesterly 176.25 feet to the point of beginning, in Cook County, Illinois.
- Parcel 10: That part of the West 7.14 chains lying South of the North 703.6 feet and North of Willow Creek (except the North 408.25 feet of the East 180.0 feet thereof) and (except the North 402.25 feet of the West 291.24 feet thereof) and (except that part thereof lying West of a line drawn parallel with and distant 50 feet East, measured at right angles thereto, from the center line of Mannheim Road) of the Southwest Quarter of Section 33, Township 41 North, Range 12, East of the Third Principal Meridian, in Cook County, Illinois.

TOTAL PROPERTY AREA (PARCELS 5 THROUGH 10): 211,798 SQ. FT. OR 4.86 ACRES +/-

Note: The designation of a parcel number (i.e. Parcel 5) is not intended to be a part of any of the above legal descriptions but rather is intended to reference the parcels of land designated on the ALTA/ACSM

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Land Title Survey prepared by Gremley and Biedermann dated July 2, 2008, which survey has been delivered to both HNI and City.



Property of Cook County Clerk's Office

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EXHIBIT B

REDEVELOPMENT AREA

MANNHEIM/HIGGINS REDEVELOPMENT PROJECT AREA TIF #6

LEGAL DESCRIPTION

That part of the West ½ of the Southwest ¼ and the Northwest ¼ of Section 33, in Township 41 North, Range 12, East of the Third Principal Meridian in Cook County, Illinois described as follows:

Beginning at the intersection of the center lines of Mannheim Road and Higgins Road; thence northerly along the center line of Mannheim Road, 50 feet normally distant from the Easterly right of way line of Mannheim Road, to the point of intersection with the West line of the Southwest ¼ of said Section 33 and the Westerly line extension of the Northerly right of way line of Central Avenue; thence Northerly along the said West line of the Southwest ¼ and West line of the Northwest ¼ of said Section 33 to the point of intersection with the Westerly line extension of the South right of way line of Greenleaf Avenue; thence Easterly along the Westerly line extension of Greenleaf Avenue to the point of intersection with the Northwesternerly line extension of the Easterly right of way line of a public road known locally as Greco Avenue at the Northwest corner of Block 4 in Oliver Salinger and Co's Glen Acres Subdivision in the Northwest ¼ of said Section 33, recorded June 5, 1939 as document number 12335452; thence Southeasterly along the said Northeasterly line extension and Easterly right of way line of Greco Avenue extended Southeasterly to a point of intersection with the South line of the Northwest ¼ of said Section 33; thence Easterly along the said South line of the Northwest ¼ of said Section 33 to the point of intersection with the Northwesternerly line extension of the Easterly right of way line of Greco Avenue in Block 2 of Scott's Resubdivision of Blocks 1, 2, 4 & 6 in Orchard Place (except Lots 7, 9 thru 14 in Block 4 and Lots 1, 2, 3, 7 and 8 of Block 6) in said Section 33, recorded February 25, 1892 as document number 1617466; thence Southeasterly along the said Easterly right way line of Greco Avenue to the point of intersection with the Westerly line extension of the Southerly line of Lot 10, in Block 4 in Orchard Place, a subdivision (except the right of way and grounds of the Wisconsin Central Railroad) of that part of the Southwest ¼ of said Section 33, recorded May 9, 1888, Book 29 Page 30 as Document Number 955011; thence Easterly along the said Westerly line extension of the Southerly line of said Lot 10 to the Southwest corner of said Lot 10 on the Easterly right of way line of Scott Street; thence Southerly along the Easterly right of way line of Scott Street to the center line of Webster Avenue; thence Northwesternerly along the center line curve to the left of Webster Avenue having a radius of 815 feet to the point of intersection with the Easterly right of way line of Wisconsin Central Railway and Westerly line of Block 5 in said Orchard Place in the Southwest ¼ of said Section 33; thence Southeasterly along the said Easterly right of way line of Wisconsin Central Railway to the center line of Higgins Road; thence Northwesternerly along the center line of Higgins Road to the Point of Beginning at the center line of Mannheim Road.

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EXHIBIT C

FORM OF NOTE

REGISTERED
NO. R-1

MAXIMUM AMOUNT
\$3,500,000.00

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF DES PLAINES
**HOTEL TAX AND TAX INCREMENT ALLOCATION REVENUE NOTE
(MANNHEIM HIGGINS REDEVELOPMENT PROJECT AREA),
TAX-EXEMPT NOTE SERIES 200**

Registered Owner: _____

Interest Rate: An annual rate equal to 7.5%

Issuance Date: _____, 20__

Maturity Date: _____, 20__

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Des Plaines, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereinafter defined), in accordance with that certain Resolution adopted by the City Council of the City on February 4, 2008 (the "Resolution") and that certain Mannheim Higgins Redevelopment Agreement (the "Redevelopment Agreement") dated as February __, 2008 between the City and HNI, LLC (the "Developer"), up to the principal amount of \$3,500,000.00 and to pay the Registered Owner or registered assigns interest on that amount at the Interest Rate per year specified above, computed on the basis of a 360-day year of twelve

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30-day months. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above and compound on December 31 of each year until paid. Principal of and interest on this Note are payable annually each year as set forth on the payment schedule attached to this Note as Attachment 1, first from the O'Hare Corridor Privilege Tax (the "Hotel Tax") from funds on deposit in the Reimbursement Account, and then, to the extent of any shortfall from Incremental Taxes (as such terms are defined in the Redevelopment Agreement) on deposit in the Mannheim Higgins Project Area TIF Fund (together these sources of funds constitute the "Developer Account"), only to the extent the O'Hare Corridor Privilege Tax and the Incremental Taxes exist. Payments on this Note shall be applied first to accrued but unpaid interest and thereafter to principal.

The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Director of Finance of the City, as registrar and paying agent (hereinafter the "Registrar"), at the close of business on the fifteenth day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Des Plaines, Illinois or as otherwise directed by the City.

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This Note is issued by the City in fully registered form in the aggregate principal amount of up to \$3,500,000.00 for the purpose of paying advances made from time to time by Developer or reimbursing the costs of certain eligible redevelopment project costs incurred by the Developer in connection with the redevelopment of certain real property as further described in the Redevelopment Agreement (the "Project"), in the Mannheim Higgins Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois and the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) and the Resolution, in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to the Hotel Tax, and certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Resolution, in order to pay the principal of and interest of the Note. Reference is hereby made to the aforesaid Redevelopment Agreement and Resolution for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to the Note and the terms and conditions under which the Note is issued and secured. **THIS NOTE IS NOT A GENERAL OR MORAL OBLIGATION OF THE CITY BUT IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM AMOUNTS DEFINED AS "HOTEL TAX" AND "INCREMENTAL TAXES" IN THE REDEVELOPMENT AGREEMENT, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN**

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THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE. THE OBLIGATION OF THE CITY TO MAKE PAYMENTS UNDER THIS NOTE FROM INCREMENTAL TAXES SHALL TERMINATE UPON THE EXPIRATION OF THE TERM OF THE "REDEVELOPMENT AREA" AS DEFINED IN THE REDEVELOPMENT AGREEMENT.

The City shall not pre-pay, without the Registered Owner's consent, this Note for a period of five years following the Issuance Date (the "Lock Out Period"); provided, nothing herein shall preclude the City from pre-paying any amounts due on this Note after the expiration of the Lock Out Period.

This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Des Plaines, Illinois, but only in the manner and subject to the limitations provided in the Redevelopment Agreement and the Resolution, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Redevelopment Agreement and the Resolution provide.

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Pursuant to the Redevelopment Agreement, the Developer has agreed to acquire and construct the Project and to advance funds for the incurrence of certain eligible redevelopment project costs related to the Project on behalf of the City. Such costs up to the amount of \$3,500,000.00 as determined and adjusted pursuant to the Redevelopment Agreement shall be deemed to be a disbursement of the proceeds of the Note, and the outstanding principal amount of the Note shall be increased by the amount of each such advance from time to time. The principal amount outstanding of the Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") minus any principal amount paid on the Note or other reductions pursuant to the Redevelopment Agreement. The City shall not execute Certificates of Expenditure with respect to the Note that total in excess of \$3,500,000.00.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar.

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IN WITNESS WHEREOF, the City of Des Plaines, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized manual or facsimile signature of the Mayor and attested by the duly authorized manual or facsimile signature of the City Clerk of the City, all as of _____.

Mayor, Anthony W. Arredia

(SEAL)
Attest:

City Clerk, Donna McAllister

**CERTIFICATE
OF
AUTHENTICATION**

Registrar and Paying Agent:
Director of Finance as Chief Financial
Officer of the City of Des Plaines,
Cook County, Illinois

This Note is described in the
within mentioned Resolution and
is the \$3,500,000.00 Hotel Tax and
Tax Increment Allocation Revenue Note
(Mannheim Higgins Redevelopment Project Area),
Tax-Exempt Note Series 200 __, of the City of Des Plaines,
Cook County, Illinois.

Director of Finance, Chief Financial Officer

Date: _____

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(ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto the within Note and does hereby irrevocably constitute and appoint attorney to transfer the said Note on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____
Registered Owner

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of the Note in every particular, without alteration or enlargement or any change whatever.

Consented to as of: _____

City of Des Plaines, Illinois

By: _____

Title: _____

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ATTACHMENT 1

NOTE PAYMENT SCHEDULE

Property of Cook County Clerk's Office

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Harlem Irving (HNI LLC)
Des Plaines
Hotel and Retail Project
Note Payment Schedule

Par Value \$3,500,000
Interest Rate 7.50%

Year	Total Hotel Tax Pledged	Coverage	Total Payment	Principal	Interest	Principal Balance
Initial Balance						\$3,500,000
2009	\$0		\$0	\$0	\$0	\$3,500,000
2010	\$381,060	1.28	\$297,703	\$35,203	\$262,500	\$3,464,797
2011	\$427,050	1.28	\$333,633	\$73,773	\$259,860	\$3,391,024
2012	\$473,040	1.28	\$369,563	\$115,236	\$254,327	\$3,275,788
2013	\$483,211	1.28	\$377,509	\$131,825	\$245,684	\$3,143,964
2014	\$493,601	1.28	\$385,626	\$149,829	\$235,797	\$2,994,135
2015	\$504,214	1.3	\$387,857	\$163,297	\$224,560	\$2,830,838
2016	\$515,056	1.3	\$396,197	\$183,884	\$212,313	\$2,646,954
2017	\$526,130	1.3	\$404,716	\$206,194	\$198,522	\$2,440,760
2018	\$537,443	1.3	\$413,418	\$230,361	\$183,057	\$2,210,400
2019	\$548,999	1.5	\$365,999	\$200,219	\$165,780	\$2,010,180
2020	\$560,803	1.5	\$373,869	\$223,105	\$150,764	\$1,787,075
2021	\$572,861	1.5	\$381,908	\$247,877	\$134,031	\$1,539,198
2022	\$585,179	1.5	\$390,119	\$274,679	\$115,440	\$1,264,519
2023	\$597,761	1.5	\$398,507	\$303,669	\$94,839	\$960,850
2024	\$610,614	1.68	\$363,461	\$291,397	\$72,064	\$669,453
2025	\$623,743	1.69	\$369,079	\$318,870	\$50,209	\$350,584
2026	\$637,155	1.69	\$377,015	\$350,584	\$26,294	\$0

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MHRT/ HNI new disclosures received December 20, 2007:

HNI LLC: new EDS shows partially new ownership.*	Interest.
The Harlem Irving companies, Inc.	1.00 %
Margaret Marchese 1998 Exempt Trust*	27.335 %
PMD1, LLC*	28.335 %
Interstate Commercial Real Estate, Inc.	33.33 %
Richard D. Filler 2003 Trust	6.67 %
Brian J. Duggan	3.33 %
Margaret Marchese 1998 Exempt Trust (Irrevocable.)	
Regina Marchese (age 22)	50.0 %
Giovanna Marchese (age 19)	50.0 %
PMD1, LLC	
The New Holdings 2005 Revocable Trust	46.35 %
The CMC New Holdings 2005 Revocable Trust	46.35 %
Vincent G. Forgione	2.00
Susan Beth Weber Trust	1.10
Patrick Somers	2.00
Don DePhillips	1.10
Thomas Storniolo Trust dated 11/01/06	1.10
	<u>100.0 %</u>
The New Holdings 2005 Revocable Trust	
Wm. Cellini Jr. (age 38)	100.0%
Claudia Cellini (Co-Trustee only and Contingent beneficiary.)	
The CMC New Holdings 2005 Revocable Trust	
Claudia Cellini (age 32)	100 %
Wm. Cellini Jr. (Co-Trustee only and Contingent beneficiary.)	
The Harlem Irving companies, Inc.	Recertified EDS – no changes.
Interstate Commercial Real Estate, Inc.	Recertified EDS – no changes.
Richard D. Filler 2003 Trust (revocable)	Recertified EDS – no changes.
Brian J. Duggan	Recertified EDS – no changes.