
2010 Annual Report

**Near North
Redevelopment Project Area**



Pursuant to 65 ILCS 5/11-74.4-5(d)

JUNE 30, 2011



**ANNUAL TAX INCREMENT FINANCE REPORT
OFFICE OF ILLINOIS COMPTROLLER JUDY BAAR TOPINKA**

Name of Municipality: Chicago
County: Cook
Unit Code: 016/620/30


Reporting Fiscal Year: **2010**
Fiscal Year End: 12/31/2010

TIF Administrator Contact Information

First Name: Andrew J.
Address: City Hall 121 N. LaSalle
Telephone: (312) 744-0025
E-Mail: TIFReports@cityofchicago.org

Last Name: Mooney
Title: TIF Administrator
City: Chicago, IL Zip: 60602

I attest to the best of my knowledge, this report of the redevelopment project areas in:
City/Village of Chicago is complete and accurate at the end of this reporting
Fiscal year under the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.]
Or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]

 _____ 7.2011
Date

Written signature of TIF Administrator

Section 1 (65 ILCS 5/11-74.4-5 (d) (1.5) and 65 ILCS 5/11-74.6-22 (d) (1.5)*

FILL OUT ONE FOR EACH TIF DISTRICT

Name of Redevelopment Project Area	Date Designated	Date Terminated
105th/Vincennes	10/3/2001	12/31/2025
111th Street/Kedzie Avenue Business District	9/29/1999	9/29/2022
119th and Halsted	2/6/2002	12/31/2026
119th/I-57	11/6/2002	12/31/2026
126th and Torrence	12/21/1994	12/21/2017
134th and Avenue K	3/12/2008	12/31/2032
24th/Michigan	7/21/1999	7/21/2022
26th and King Drive	1/11/2006	12/31/2030
35th and Wallace	12/15/1999	12/31/2023
35th/Halsted	1/14/1997	12/31/2021
35th/State	1/14/2004	12/31/2028
40th/State	3/10/2004	12/31/2028
43rd/Cottage Grove	7/8/1998	12/31/2022
45th/Western Industrial Park Conservation Area	3/27/2002	12/31/2026
47th/Ashland	3/27/2002	12/31/2026
47th/Halsted	5/29/2002	12/31/2026
47th/King Drive	3/27/2002	12/31/2026
47th/State	7/21/2004	12/31/2028
49th Street/St. Lawrence Avenue	1/10/1996	12/31/2020
51st/ Archer	5/17/2000	12/31/2024
53rd Street	1/10/2001	12/31/2025
60th and Western	5/9/1996	5/9/2019

*All statutory citations refer to one of two sections of the Illinois Municipal Code: the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] or the Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.]



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63rd/Ashland	3/29/2006	12/31/2030
63rd/Pulaski	5/17/2000	12/31/2024
67th/Cicero	10/2/2002	12/31/2026
69th/Ashland	11/3/2004	12/31/2028
71st and Stony Island	10/7/1998	10/7/2021
72nd and Cicero	11/17/1993	11/17/2016
73rd and Kedzie	11/17/1993	11/17/2016
73rd/University	9/13/2006	12/31/2030
79th and Cicero	6/8/2005	12/31/2029
79th Street Corridor	7/8/1998	7/8/2021
79th Street/Southwest Highway	10/3/2001	12/31/2025
79th/Vincennes	9/27/2007	12/31/2031
83rd/Stewart	3/31/2004	12/31/2028
87th/Cottage Grove	11/13/2002	12/31/2026
89th and State	4/1/1998	4/1/2021
95th and Western	7/13/1995	7/13/2018
95th Street and Stony Island	5/16/1990	12/31/2014
Addison Corridor North	6/4/1997	6/4/2020
Addison South	5/9/2007	12/31/2031
Archer Courts	5/12/1999	12/31/2023
Archer/ Central	5/17/2000	12/31/2024
Archer/Western	2/11/2009	12/31/2033
Armitage/Pulaski	6/13/2007	12/31/2031
Austin/Commercial	9/27/2007	12/31/2031
Avalon Park/South Shore	7/31/2002	12/31/2026
Avondale	7/29/2009	12/31/2033
Belmont/ Central	1/12/2000	12/31/2024
Belmont/Cicero	1/12/2000	12/31/2024
Bronzeville	11/4/1998	12/31/2022
Bryn Mawr/Broadway	12/11/1996	12/11/2019
Calumet Avenue/Cermak Road	7/29/1998	7/29/2021
Calumet River	3/10/2010	12/31/2034
Canal/Congress	11/12/1998	12/31/2022
Central West	2/16/2000	12/31/2024
Chatham-Ridge	12/18/1986	12/31/2010 (1)
Chicago/ Kingsbury	4/12/2000	12/31/2024
Chicago/Central Park	2/27/2002	12/31/2026
Chicago Lakeside Development – Phase 1 (USX)	5/12/2010	12/31/2034
Chinatown Basin	12/18/1986	12/31/2010
Cicero/Archer	5/17/2000	12/31/2024
Clark Street and Ridge Avenue	9/29/1999	9/29/2022
Clark/Montrose	7/7/1999	7/7/2022
Commercial Avenue	11/13/2002	12/31/2026
Devon/Sheridan	3/31/2004	12/31/2028

(1) This TIF has been terminated; however, the sales tax portion continues to exist for the sole purpose of servicing outstanding obligations which may be retired early at which point the sales tax portion will also terminate.



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Devon/Western	11/3/1999	12/31/2023
Diversey/ Narragansett	2/5/2003	12/31/2027
Division/Homan	6/27/2001	12/31/2025
Division/North Branch	3/15/1991	3/15/2014
Division-Hooker	7/10/1996	7/10/2019
Drexel Boulevard	7/10/2002	12/31/2026
Eastman/North Branch	10/7/1993	10/7/2016
Edgewater/ Ashland	10/1/2003	12/31/2027
Elston/Armstrong Industrial Corridor	7/19/2007	12/31/2031
Englewood Mall	11/29/1989	11/29/2012
Englewood Neighborhood	6/27/2001	12/31/2025
Ewing Avenue	3/10/2010	12/31/2034
Forty-first Street and Dr. Martin Luther King, Jr. Drive	7/13/1994	7/13/2017
Fullerton/ Milwaukee	2/16/2000	12/31/2024
Galewood/Armitage Industrial	7/7/1999	7/7/2022
Goose Island	7/10/1996	7/10/2019
Greater Southwest Industrial Corridor (East)	3/10/1999	12/31/2023
Greater Southwest Industrial Corridor (West)	4/12/2000	12/31/2024
Harlem Industrial Park Conservation Area	3/14/2007	12/31/2031
Harrison/Central	7/26/2006	12/31/2030
Hollywood/Sheridan	11/7/2007	12/31/2031
Homan/Grand Trunk	12/15/1993	12/15/2016
Homan-Arthington	2/5/1998	2/5/2021
Howard-Paulina	10/14/1988	12/31/2012
Humboldt Park Commercial	6/27/2001	12/31/2025
Irving Park/Elston	5/13/2009	12/31/2033
Irving/Cicero	6/10/1996	12/31/2020
Jefferson Park Business District	9/9/1998	9/9/2021
Jefferson/ Roosevelt	8/30/2000	12/31/2024
Kennedy/Kimball	3/12/2008	12/31/2032
Kinzie Industrial Corridor	6/10/1998	6/10/2021
Kostner Avenue	11/5/2008	12/31/2032
Lake Calumet Area Industrial	12/13/2000	12/31/2024
Lakefront	3/27/2002	12/31/2026
Lakeside/Clarendon	7/21/2004	12/31/2028
LaSalle Central	11/15/2006	12/31/2030
Lawrence/ Kedzie	2/16/2000	12/31/2024
Lawrence/Broadway	6/27/2001	12/31/2025
Lawrence/Pulaski	2/27/2002	12/31/2026
Lincoln Avenue	11/3/1999	12/31/2023
Lincoln-Belmont-Ashland	11/2/1994	11/2/2017
Little Village East	4/22/2009	12/31/2033
Little Village Industrial Corridor	6/13/2007	12/31/2031
Madden/Wells	11/6/2002	12/31/2026



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Madison/Austin Corridor	9/29/1999	12/31/2023
Michigan/Cermak	9/13/1989	12/31/2013
Midway Industrial Corridor	2/16/2000	12/31/2024
Midwest	5/17/2000	12/31/2024
Montclare	8/30/2000	12/31/2024
Montrose/Clarendon	6/30/2010	12/31/2034
Near North	7/30/1997	7/30/2020
Near South	11/28/1990	12/31/2014
Near West	3/23/1989	12/31/2013
North Branch (North)	7/2/1997	12/31/2021
North Branch (South)	2/5/1998	2/5/2021
North Pullman	6/30/2009	12/31/2033
North-Cicero	7/30/1997	7/30/2020
Northwest Industrial Corridor	12/2/1998	12/2/2021
Ogden/Pulaski	4/9/2008	12/31/2032
Ohio/Wabash	6/7/2000	12/31/2024
Pershing/King	9/5/2007	12/31/2031
Peterson/ Cicero	2/16/2000	12/31/2024
Peterson/ Pulaski	2/16/2000	12/31/2024
Pilsen Industrial Corridor	6/10/1998	12/31/2022
Portage Park	9/9/1998	9/9/2021
Pratt/Ridge Industrial Park Conservation Area	6/23/2004	12/31/2028
Pulaski Corridor	6/9/1999	6/9/2022
Randolph and Wells	6/9/2010	12/31/2034
Ravenswood Corridor	3/9/2005	12/31/2029
Read-Dunning	1/11/1991	12/31/2015
River South	7/30/1997	7/30/2020
River West	1/10/2001	12/31/2025
Roosevelt/Canal	3/19/1997	12/31/2021
Roosevelt/Cicero	2/5/1998	2/5/2021
Roosevelt/Racine	11/4/1998	12/31/2022
Roosevelt/Union	5/12/1999	5/12/2022
Roosevelt-Homan	12/5/1990	12/31/2014
Roseland/Michigan	1/16/2002	12/31/2026
Sanitary Drainage and Ship Canal	7/24/1991	7/24/2014
South Chicago	4/12/2000	12/31/2024
South Works Industrial	11/3/1999	12/31/2023
Stevenson/Brighton	4/11/2007	12/31/2031
Stockyards Annex	12/11/1996	12/31/2020
Stockyards Industrial Commercial	3/9/1989	12/31/2013
Stockyards Southeast Quadrant Industrial	2/26/1992	2/26/2015
Stony Island Avenue Commercial and Burnside Industrial Corridors	6/10/1998	6/10/2033
Touhy/Western	9/13/2006	12/31/2030
Weed/Fremont	1/8/2008	12/31/2032



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West Grand	6/10/1996	6/10/2019
West Irving Park	1/12/2000	12/31/2024
West Pullman Industrial Park	3/11/1998	3/11/2021
West Ridge-Peterson Avenue	10/27/1986	12/31/2010
West Woodlawn	5/12/2010	12/31/2034
Western Avenue North	1/12/2000	12/31/2024
Western Avenue Rock Island	2/8/2006	12/31/2030
Western Avenue South	1/12/2000	12/31/2024
Western/Ogden	2/5/1998	2/5/2021
Wilson Yard	6/27/2001	12/31/2025
Woodlawn	1/20/1999	1/20/2022

SECTION 2 [Sections 2 through 5 must be completed for each redevelopment project area listed in Section 1.]

Name of Redevelopment Project Area: Near North Redevelopment Project Area
Primary Use of Redevelopment Project Area*: Combination/Mixed
If "Combination/Mixed" List Component Types: Residential/Commercial/Industrial
Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one): Tax Increment Allocation Redevelopment Act <u> X </u> Industrial Jobs Recovery Law <u> </u>

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F		X
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only of the intergovernmental agreements labeled Attachment M		X

* Types include: Central Business District, Retail, Other Commercial, Industrial, Residential, and Combination/Mixed.

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
Provide an analysis of the special tax allocation fund.

Reporting Year	Cumulative *
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Fund Balance at Beginning of Reporting Period \$ 48,750,217

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

			% of Total
Property Tax Increment	15,362,269	\$ 111,875,591	67%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	30,610		0%
Land/Building Sale Proceeds			0%
Bond Proceeds		55,000,000	33%
Transfers in from Municipal Sources (Porting in)		1,046,644	1%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period 15,392,879

Cumulative Total Revenues/Cash Receipts \$ 167,922,235 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) 12,825,881

Transfers out to Municipal Sources (Porting out)

Distribution of Surplus

Total Expenditures/Disbursements 12,825,881

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS 2,566,998

FUND BALANCE, END OF REPORTING PERIOD \$ 51,317,215

- if there is a positive fund balance at the end of the reporting period, you must complete Section 3.3

* Except as set forth in the next sentence, each amount reported on the rows below, if any, is cumulative from the inception of the respective Project Area. Cumulative figures for the categories of 'Interest,' 'Land/Building Sale Proceeds' and 'Other' may not be fully available for this report due to either of the following: (i) the disposal of certain older records pursuant to the City's records retention policy, or (ii) the availability of records only from January 1, 1997 forward.

SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))
ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND
 (by category of permissible redevelopment cost, amounts expended during reporting period)

FOR AMOUNTS >\$10,000 SECTION 3.2 B MUST BE COMPLETED

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]

		Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)	463,213	
		\$ 463,213
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)	5,746,994	
		\$ 5,746,994
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)	160,875	
		\$ 160,875
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)	834,181	
		\$ 834,181
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
		\$ -
8. Financing costs. Subsection (q) (6) and (o)(8)	5,620,618	
		\$ 5,620,618
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 12,825,881

Section 3.2 B

List all vendors, including other municipal funds, that were paid in excess of \$10,000 during the current reporting year.*

Name	Service	Amount
City Staff Costs ¹	Administration	\$266,435
Thomas F. McFarland	Professional Service	\$38,991
Neal & Leroy LLC	Professional Service	\$72,348
Standard & Poor's	Professional Service	\$12,790
Parkside Old Town I, L.L.C.	Development	\$3,477,586
Kingsbury Larrabee LLC	Development	\$2,259,361
Midland Industries Inc.	Property Assembly	\$10,047
Somercor 504, Inc.	Rehabilitation Program	\$160,875
The Gordian Group	Public Improvement	\$15,343
City Lights Ltd./ZSL Electric	Public Improvement	\$728,787
Chicago Office of Emergency Communication	Public Improvement	\$17,513
Chicago Department of Water Management	Public Improvement	\$71,641
Cole Taylor Bank	Financing	\$5,620,618

¹ Costs relate directly to the salaries and fringe benefits of employees working solely on tax increment financing districts.

* This table may include payments for Projects that were undertaken prior to 11/1/1999.

**SECTION 3.3 - (65 ILCS 5/11-74.4-5 (d) (5) 65 ILCS 11-74.6-22 (d) (5))
 Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period
 (65 ILCS 5/11-74.4-5 (d) (5) (D) and 65 ILCS 5/11-74.6-22 (d) (5) (D))**

FUND BALANCE, END OF REPORTING PERIOD \$ 51,317,215

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
Reserved for debt service	\$ 55,000,000	\$ 11,970,538

Total Amount Designated for Obligations \$ 55,000,000 \$ 11,970,538

2. Description of Project Costs to be Paid		
Designated for future redevelopment project costs		\$ 30,346,677

Total Amount Designated for Project Costs \$ 30,346,677

TOTAL AMOUNT DESIGNATED \$ 42,317,215

SURPLUS*/(DEFICIT) \$ 9,000,000

*NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts.

SECTION 4 [65 ILCS 5/11-74.4-5 (d) (6) and 65 ILCS 5/11-74.6-22 (d) (6)]

Provide a description of all property purchased by the municipality during the reporting fiscal year within the redevelopment project area.

 X No property was acquired by the Municipality Within the Redevelopment Project Area

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)
Please include a brief description of each project.

See "General Notes" Below.	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
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TOTAL:			
Private Investment Undertaken	\$ 19,187,799	\$ -	\$ 200,001,259
Public Investment Undertaken	\$ 22,177,593	\$ 1,906,903	\$ 32,304,677
Ratio of Private/Public Investment	77/89		6 13/68

Project 1:			
North Town Village LLC	Project is Ongoing ***		
Private Investment Undertaken			\$ 46,400,000
Public Investment Undertaken	\$ 5,102,178		\$ 8,600,000
Ratio of Private/Public Investment	0		5 17/43

Project 2:			
River Village Townhomes & Lofts (Site H) (1)	Project Completed		
Private Investment Undertaken	\$ 3,051,024		\$ -
Public Investment Undertaken (2)	\$ 1,395,311		\$ -
Ratio of Private/Public Investment	2 14/75		0

Project 3:			
River Village South (Site I)	Project Completed		
Private Investment Undertaken	\$ 2,958,227		\$ -
Public Investment Undertaken	\$ 3,484,024		\$ -
Ratio of Private/Public Investment	45/53		0

Project 4:			
Lakefront Supportive Housing	Project Completed		
Private Investment Undertaken	\$ 13,178,548		\$ -
Public Investment Undertaken	\$ 1,000,000		\$ -
Ratio of Private/Public Investment	13 5/28		0

Project 5:			
Parkside of Old Town - CHA Transformation	Project is Ongoing ***		
Private Investment Undertaken			\$ 91,592,000
Public Investment Undertaken	\$ 8,815,191		\$ 9,037,605
Ratio of Private/Public Investment	0		10 7/52

Project 6:			
Small Business Improvement Fund (SBIF) **	Project is Ongoing ***		
Private Investment Undertaken			\$ 3,000,000
Public Investment Undertaken	\$ 150,000	\$ 450,000	\$ 1,500,000
Ratio of Private/Public Investment	0		2

Project 7:			
River Village - Site G - Pointe	Project is Ongoing ***		
Private Investment Undertaken			\$ 25,504,028
Public Investment Undertaken	\$ 2,230,889	\$ 1,456,903	\$ 4,950,972
Ratio of Private/Public Investment	0		5 5/33

Project 8:			
Parkside Old Town - Cabrini Phase	Project is Ongoing ***		
Private Investment Undertaken			\$ 33,505,231
Public Investment Undertaken	\$ -		\$ 8,216,100
Ratio of Private/Public Investment	0		4 6/77

** Depending on the particular goals of this type of program, the City may: i) make an advance disbursement of the entire public investment amount to the City's program administrator, ii) disburse the amounts through an escrow account, or iii) pay the funds out piecemeal to the program administrator as each ultimate grantee's rehabilitation work is approved under the program.

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)

Please include a brief description of each project.

*** As of the last date of the reporting fiscal year, the construction of this Project was ongoing; the Private Investment Undertaken and Ratio figures for this Project will be reported on the Annual Report for the fiscal year in which the construction of the Project is completed and the total Private Investment figure is available.

(1) These projects straddle both the Near North Redevelopment Project Area and the Chicago/Kingsbury Redevelopment Project Area.

(2) This is the aggregate amount, which will be funded from increment received both from the Near North Redevelopment Project Area and the Chicago/Kingsbury Redevelopment Project Area.

General Notes

(a) Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore, may include private equity, private lender financing, private grants, other public monies, or other local, state or federal grants or loans.

(b) Each amount reported here under Public Investment Undertaken, Total Estimated to Complete Project, is the maximum amount of payments financed by tax increment revenues that could be made pursuant to the corresponding Project's operating documents, but not including interest that may later be payable on developer notes, and may not necessarily reflect actual expenditures, if any, as reported in Section 3 herein. The total public investment amount ultimately made under each Project will depend upon the future occurrence of various conditions, including interest that may be payable on developer notes as set forth in the Project's operating documents.

(c) Each amount reported here under Public Investment Undertaken, 11/1/1999 to Date, is cumulative from the Date of execution of the corresponding Project to the end of the reporting year, and may include interest amounts paid to finance the Public Investment amount. Projects undertaken prior to 11/1/1999 are not reported on this table.

(d) Intergovernmental agreements, if any, are reported on Attachment M hereto.

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Attachment B

CERTIFICATION

TO:

Judy Baar Topinka
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Canello, Director of Local
Government

Jean-Claude Brizard
Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Jacqueline Torres, Director of Finance
Metropolitan Water Reclamation District of
Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Herman Brewer
Director
Cook County Bureau of Planning & Dev.
69 West Washington Street, Suite 2900
Chicago, Illinois 60602

Douglas Wright
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426

Dan Donovan, Comptroller
Forest Preserve District of Cook County
69 W. Washington Street, Suite 2060
Chicago, IL 60602

Michael P. Kelly, Interim General
Superintendent & CEO
Chicago Park District
541 North Fairbanks
Chicago, Illinois 60611

I, Rahm Emanuel, in connection with the annual report (the "Report") of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq., (the "Act") with regard to the Near North Redevelopment Project Area (the "Redevelopment Project Area"), do hereby certify as follows:

Attachment B

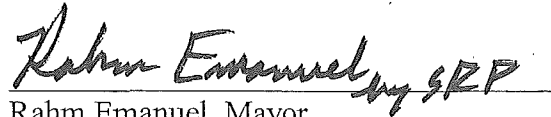
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2010, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

3. In giving this Certification, I have relied on the opinion of the Corporation Counsel of the City furnished in connection with the Report.

4. This Certification may be relied upon only by the addressees hereof.

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2011.


Rahm Emanuel, Mayor
City of Chicago, Illinois



DEPARTMENT OF LAW

June 30, 2011

CITY OF CHICAGO

Attachment C

Judy Baar Topinka
Comptroller of the State of Illinois
James R. Thompson Center
100 West Randolph Street, Suite 15-500
Chicago, Illinois 60601
Attention: June Canello, Director of Local
Government

Jean-Claude Brizard
Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

Jacqueline Torres, Director of Finance
Metropolitan Water Reclamation District
of Greater Chicago
100 East Erie Street, Room 2429
Chicago, Illinois 60611

Herman Brewer
Director
Cook County Bureau of Planning & Dev.
69 West Washington Street, Suite 2900
Chicago, Illinois 60602

Douglas Wright
South Cook County Mosquito Abatement
District
155th & Dixie Highway
P.O. Box 1030
Harvey, Illinois 60426

Dan Donovan, Comptroller
Forest Preserve District of Cook County
69 W. Washington Street, Suite 2060
Chicago, IL 60602

Michael P. Kelly, Interim General
Superintendent & CEO
Chicago Park District
541 North Fairbanks
Chicago, Illinois 60611

Re: Near North
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

I am the Corporation Counsel of the City of Chicago, Illinois (the "City") and, in such capacity, I am the head of the City's Law Department. In such capacity, I am providing the opinion required by Section 11-74.4-5(d)(4) of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (the "Act"), in connection with the submission of the report (the "Report") in accordance with, and containing the information required by, Section 11-74.4-5(d) of the Act for the Redevelopment Project Area.

Attachment C

Opinion of Counsel for 2010 Annual Report
Page 2

June 30, 2011

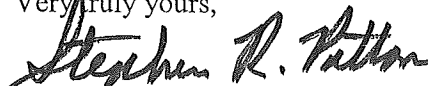
Attorneys, past and present, in the Law Department of the City and familiar with the requirements of the Act, have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area, and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Housing and Economic Development, Department of Finance and Office of Budget and Management (collectively, the "City Departments"), have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such Department(s) and with the requirements of the Act in connection therewith. Such personnel are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the Law Department with respect to issues that may arise from time to time regarding the requirements of, and compliance with, the Act.

In my capacity as Corporation Counsel, I have relied on the general knowledge and actions of the appropriately designated and trained staff of the Law Department and other applicable City Departments involved with the activities affecting the Redevelopment Project Area. In addition, I have caused to be examined or reviewed by members of the Law Department of the City the certified audit report, to the extent required to be obtained by Section 11-74.4-5(d)(9) of the Act and submitted as part of the Report, which is required to review compliance with the Act in certain respects, to determine if such audit report contains information that might affect my opinion. I have also caused to be examined or reviewed such other documents and records as were deemed necessary to enable me to render this opinion. Nothing has come to my attention that would result in my need to qualify the opinion hereinafter expressed, subject to the limitations hereinafter set forth, unless and except to the extent set forth in an Exception Schedule attached hereto as Schedule 1.

Based on the foregoing, I am of the opinion that, in all material respects, the City is in compliance with the provisions and requirements of the Act in effect and then applicable at the time actions were taken from time to time with respect to the Redevelopment Project Area.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinion that is expressed is the opinion specifically set forth herein, and no opinion is implied or should be inferred as to any other matter. Further, this opinion may be relied upon only by the addressees hereof and the Mayor of the City in providing his required certification in connection with the Report, and not by any other party.

Very truly yours,



Stephen R. Patton
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

ATTACHMENT D

Activities Statement

Projects that were implemented during the preceding fiscal year, if any, are set forth below:

Name of Project

Parkside Phase II

Redevelopment activities undertaken within this Project Area during the preceding fiscal year, if any, have been made pursuant to: (i) the Redevelopment Plan for the Project Area, and (ii) any Redevelopment Agreements affecting the Project Area, and are set forth in Section 3 herein by TIF-eligible expenditure category.

ATTACHMENT E

Agreements

Agreements entered into concerning the disposition or redevelopment of property within the Project Area during the preceding fiscal year, if any, are attached hereto.

None

ATTACHMENT F

Additional Information

The amounts shown elsewhere in this report, including those shown in Section 3 herein, have been used to pay for project cost within the Project Area and for debt service (if applicable), all in furtherance of the objectives of the Redevelopment Plan for the Project Area.

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Doc#: 1018111063 Fee: \$168.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 06/30/2010 11:44 AM Pg: 1 of 67

4399831 PH 1023

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

**PARKSIDE IIA RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

This Parkside IIA Rental Project Redevelopment Agreement (the "**Agreement**") is made as of this 30th day of June, 2010, by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Community Development ("**DCD**"), and Parkside Associates, LLC, an Illinois limited liability company ("**Parkside**"), Parkside Nine Phase II, LP, an Illinois limited partnership ("**Partnership**"), and Parkside Nine II, LLC, an Illinois limited liability company ("**General Partner**").

RECITALS:

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Section 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 and create employment opportunities, and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (2002 State Bar Edition), as amended from time-to-time (the "**Act**"), to finance projects that eradicate blighted conditions through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment under the provisions of the Act, the City Council of the City (the "**City Council**") adopted the following ordinances on July 30, 1997: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Near North Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Near North Redevelopment Project Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Near North

Redevelopment Project Area" (the "TIF Adoption Ordinance"). Collectively the three ordinances are defined as the "TIF Ordinances". The Redevelopment Area (as defined below) is legally described on Exhibit A.

D. The Project: Parkside previously entered into a Contract for Redevelopment of Cabrini-Green Extension North dated September 29, 2005 (as amended, the "CHA Redevelopment Agreement") with the Chicago Housing Authority ("CHA") and Daniel E. Levin and The Habitat Company LLC, not personally but in their official capacity as Receiver for CHA, for the construction by Parkside and other entities formed by Parkside of approximately 718 housing units, including replacement public housing, on sites located within the Near North Tax Increment Financing Redevelopment Project Area (the "Redevelopment Area"). The project contemplated by this Redevelopment Agreement is for the construction of approximately 112 of those units on a site located at 544 West Oak Street in the Redevelopment Area (the "Property"). CHA has leased the Property to Partnership pursuant to one or more 99-year ground leases. The Property is approximately one-half acre, and is located wholly within the Redevelopment Area. A prior phase of the redevelopment contemplated by the CHA Redevelopment Agreement is located on real property that is bounded by West Division Street on the north, Seward Park on the east, West Elm Street on the south and North Larrabee Street on the West (the "Phase I Property"). A legal description of the Property and the Phase I Property is stated in Exhibit B-1. The Property is currently undeveloped and subject to the zoning requirements stated in Residential-Business Planned District No. 1006 (including any approved amendment thereof, the "PD"). In accordance with this Agreement, the Developer Parties (as hereinafter defined) plan to construct 1 new 8-story multifamily rental building with 6 new townhomes attached. The building will collectively comprise approximately 112 residential units consisting of 39 rental units for public housing residents, 53 rental units for low-income families, 20 market rate rental units, one commercial space unit and 77 parking spaces. The new construction work is collectively defined as the "Project". A site plan for the Project (the "Site Plan") is Exhibit B-2. The completion of the Project would not reasonably be anticipated to occur without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement, the PD and the City of Chicago Near North Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (the "Redevelopment Plan"), and as amended from time-to-time.

F. City Financing and Assistance: The City agrees to use, in the amounts set forth in Section 4.03 hereof, the proceeds of the Note (defined below) and/or Incremental Taxes to pay or reimburse the Developer Parties for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement and the Note. In addition, the City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Incremental Taxes (as defined below) pursuant to a TIF bond ordinance (the "TIF Bond Ordinance"), at a later date as described and conditioned in Section 4.07 hereof. The proceeds of the TIF Bonds (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Available Incremental Taxes, including any such payment made under the Note provided to the General Partner under this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT:

SECTION 1: RECITALS

The recitals stated above are an integral part of this Agreement and are hereby incorporated into this Agreement by reference and made a part of this Agreement.

SECTION TWO: DEFINITIONS

For purposes of this Agreement the following terms shall have the meanings stated below:

“Act” has the meaning defined in the recitals.

“Actual Residents of the City” has the meaning defined for such phrase in Section 10.02(c).

“Affiliate” means any individual, corporation, partner, partnership, trust or entity which owns or controls a controlling interest, or is owned or controlled by, or is under common ownership or control with, in whole or in part, a Developer Party or any successor to a Developer Party or its respective subsidiary(ies) or parent(s).

“Agreement” has the meaning defined in the Agreement preamble.

“AMI” shall mean Chicago-area median income, adjusted for family (as defined in 24 C.F.R. Part 5.403) size, as determined from time to time by HUD.

“Annual Compliance Report” shall mean a signed report from the Partnership to the City (a) itemizing each of the Developer Parties' obligations under this Agreement during the preceding calendar year, (b) certifying the Developer Parties' compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer Parties are not in default with respect to any provision of the RDA, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) delivery of Financial Statements and unaudited financial statements (Section 8.12); (2) delivery of updated insurance certificates, if applicable (Section 8.13); (3) delivery of evidence of payment of Non-Governmental Charges, if applicable (Section 8.14); (4) compliance with the Affordability Requirements (Section 8.19); and (5) compliance with all other executory provisions of the RDA.

“Available Incremental Taxes” means an amount equal to 90% of the Incremental Taxes (as defined below) deposited after the Closing Date in the Redevelopment Project Area Special Tax Allocation Fund (as defined below) attributable to the taxes levied on the Property and the Phase I Property, using the year 2004 as a base year for equalized assessed valuation.

“Available Project Funds” has the meaning defined for such phrase in Section 5.16(g).

“Bonds” has the meaning defined in Section 8.05.

“Business Day” means any day other than Saturday, Sunday or a legal holiday in the State.

“Certificate” means the Certificate of Completion of Construction described in Section

7.01.

"**Certificate of Expenditure(s)**" means the certificate, in the form of Exhibit J hereto, issued by the City to increase the principal amount of the Note.

"**CHA Units**" shall mean the 39 residential units in the Project which shall be leased to CHA Residents by the Partnership.

"**CHA Residents**" shall mean tenants who qualify as being eligible to occupy "public housing" as defined in Section 3(b) of the United States Housing Act of 1937, as amended and as may hereafter be amended from time to time or any successor legislation, together with all regulations implementing the same.

"**Change Order**" means any amendment or modification to the Scope Drawings, the Plans and Specifications, or the Project Budget (all as defined below) within the scope of Section 3.04.

"**City**" has the meaning defined in the Agreement preamble.

"**City Contract**" has the meaning defined in Section 8.01(o).

"**City Council**" means the City Council of the City of Chicago as defined in the recitals.

"**City Funds**" means the funds described in Section 4.03(a).

"**City Group Member**" has the meaning defined in Section 8.10.

"**City Regulatory Agreement**" means that certain Regulatory Agreement entered into on the date hereof by Partnership and the City.

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

"**Construction Contract**" means collectively those certain contracts substantially in the form of Exhibit E, to be entered into between Partnership and the General Contractor (as defined below) providing for construction of the TIF-Funded Improvements.

"**Construction Program**" has the meaning defined in Section 10.03.

"**Corporation Counsel**" means the City's Office of Corporation Counsel.

"**Davis-Bacon Act**" shall mean 40 U.S.C. Section 276a et seq.

"**DCD**" has the meaning defined in the Agreement preamble.

"**Developer Parties**" means, collectively, Parkside, General Partner and Partnership; "**Developer Party**" means any one of the Developer Parties.

"**Employer(s)**" has the meaning defined in Section 10.01.

"**Environmental Laws**" means any and all Federal, State or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to: (i) the Comprehensive Environmental

Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago, including but not limited to the Municipal Code of Chicago, Sections 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560.

"Equity" means funds of Developer Parties (other than funds derived from Lender Financing (as defined below)) available for the Project, in the amount stated in Exhibit K attached hereto, which amount may be increased under Section 4.06 (Cost Overruns).

"Escrow Agreement" means that certain Escrow Agreement entered into on the date hereof by the City, Developer Parties, lenders providing Lender Financing and other parties, in substantially the form attached as Exhibit L.

"Event of Default" has the meaning defined in Section 15.01.

"Existing Materials" shall mean the Hazardous Materials and other environmental conditions described in any SRP reports existing on the Property prior to or as of the Closing Date.

"Existing Mortgages" has the meaning defined in Section 16.01.

"Financial Statements" means, for each of Parkside and Partnership, the financial statements of such Developer Party regularly prepared by such Developer Party, and including, but not limited to, a balance sheet, income statement and cash-flow statement, in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods, and which are delivered to the lender(s) providing Lender Financing pursuant to Partnership's loan agreement(s), if any.

"General Contractor" means the general contractor(s) hired by Partnership under Section 6.01.

"Governmental Charge" has the meaning defined in Section 8.18(a).

"Hazardous Materials" means 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.

"HUD" shall mean the U.S. Department of Housing and Urban Development.

"Human Rights Ordinance" has the meaning defined in Section 10.01(a).

"In Balance" has the meaning defined in Section 5.16(g).

"Incremental Taxes" means such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to, and when collected are paid to, the Treasurer of the City for deposit by the Treasurer into a special tax allocation

fund established to pay Redevelopment Project Costs (as defined below) and obligations incurred in the payment thereof, such fund for the purposes of this Agreement being the Redevelopment Project Area Special Tax Allocation Fund.

"Indemnitee" and **"Indemnitees"** have the respective meanings defined in Section 13.01.

"Lender Financing" means funds borrowed by Partnership from lenders and available to pay for costs of the Project, in the amount stated in Exhibit K, if any.

"MBE(s)" has the meaning defined in Section 10.03.

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

"MBE/WBE Program" has the meaning defined in Section 10.03.

"Municipal Code" means the Municipal Code of the City of Chicago as presently in effect and as hereafter amended from time to time.

"New Mortgage" has the meaning defined in Section 16.01.

"NFRL" shall mean a No Further Remediation Letter issued pursuant to the SRP.

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

"Note" means the City of Chicago Tax Increment Allocation Revenue Note R-1 (Parkside IIA Rental Redevelopment Project) Series A to be in the form attached hereto as Exhibit J, in the maximum principal amount of \$8,216,100 issued by the City to the General Partner on or as of the date of the Certificate. The payment of the amounts due under the Note will be secured only by Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to the Note.

"Note Interest Rate" has the meaning defined in Section 4.03.

"Partnership" has the meaning defined in the Agreement preamble.

"PD" has the meaning defined in the recitals.

"Permitted Liens" means those liens and encumbrances against the buildings in the Project and/or the Project stated in Exhibit G.

"Permitted Mortgage" has the meaning defined in Section 16.01.

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

"Prior Expenditure(s)" has the meaning defined in Section 4.05.

"Procurement Program" has the meaning defined in Section 10.03.

"Project" has the meaning defined in the recitals.

"Project Budget" means the budget stated in Exhibit C-1, showing the total cost of the Project by line item, as furnished by Partnership to DCD, in accordance with Section 3.03.

"Property" has the meaning defined in the recitals.

"Qualified Investor" means a qualified institutional buyer (QIB) or a registered investment company, or a trust where certificates of participation are sold to QIBs or registered investment companies.

"Qualified Transfer" means, with respect to the Note, (i) the pledge of the Note to a Lender providing Lender Financing or (ii) the sale or assignment of the Note as long as (a) any sale or assignment is to a Qualified Investor with no view to resale or reassignment, or the City has given its prior written consent to such proposed sale or assignment, and (b) any sale or assignment is subject to the terms and procedures of an acceptable investment letter, and (c) any such sale or assignment occurs after the issuance of the Certificate.

"Recorded Affordability Documents" means, collectively: the City Regulatory Agreement; that certain Declaration of Restrictive Covenants by and among the CHA and Partnership dated as of the date hereof; and that certain Regulatory and Operating Agreement by and among the CHA and the Partnership dated as of the date hereof.

"Redevelopment Area" has the meaning defined in the recitals.

"Redevelopment Plan" has the meaning defined in the recitals.

"Redevelopment Project Area Special Tax Allocation Fund" means the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes (as defined below) will be deposited.

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

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

"Site Plan" has the meaning defined in the recitals.

"SRP" means the State of Illinois Site Remediation Program, as codified at 415 ILCS 5/58, et seq., as amended from time to time.

"State" means the State of Illinois as defined in the recitals.

"Survey" means an urban plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 90 days prior to the Closing Date, reasonably acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and any updates thereof to reflect improvements to the Property as required by the City or the lender(s) providing Lender Financing, if any).

"Term of the Agreement" means the period of time commencing on the Closing Date and ending on July 30, 2020, such date being the date that is 23 years after the creation of the Redevelopment Area.

"TIF Adoption Ordinance" has the meaning stated in the recitals.

"TIF Bonds" has the meaning defined for such term in the recitals.

"TIF Bond Ordinance" has the meaning stated in the recitals.

"TIF Bond Proceeds" has the meaning stated in the recitals.

"TIF Ordinances" has the meaning stated in the recitals.

"TIF-Funded Improvements" means those improvements of the Project which: (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement, and (iv) are stated in Exhibit D.

"Title Company" means Greater Illinois Title Company.

"Title Policy" means a leasehold title insurance policy in the most recently revised ALTA or equivalent form, showing Partnership 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 Project related to Lender Financing, if any, issued by the Title Company.

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

"WBE(s)" has the meaning defined in Section 10.03.

SECTION THREE: THE PROJECT

3.01 **The Project.** Partnership will: (i) begin redevelopment construction no later than ninety days after the Closing Date, and (ii) complete redevelopment construction no later than the third anniversary of the Closing Date, subject to the provisions of Section 18.16 (Force Majeure).

3.02 **Scope Drawings and Plans and Specifications.** Partnership has delivered the Scope Drawings and Plans and Specifications to DCD and DCD has approved them. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications within the scope of Section 3.04 will be submitted to DCD as a Change Order under Section 3.04. The Scope Drawings and Plans and Specifications will at all times conform to the Redevelopment Plan as in effect on the date of this Agreement, and all applicable Federal, State and local laws, ordinances and regulations. Developer Parties will submit all necessary documents to the City's Department of Buildings, Department of Transportation, and to such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 **Project Budget.** Partnership has furnished to DCD, and DCD has approved, a Project Budget which is Exhibit C-1, showing total costs for the Project in an amount not less than \$41,721,331. Partnership hereby certifies to the City that: (a) in addition to City Funds, the Lender Financing and/or Equity described in Exhibit K shall be sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. Partnership will promptly deliver to DCD copies of any Change Orders with respect to the Project Budget as provided in Section 3.04.

3.04 Change Orders. Except as provided in subparagraph (b) 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 Partnership to DCD concurrently with the progress reports described in Section 3.07; provided, however, that any Change Orders relating to any of the following must be submitted by Partnership to DCD for DCD's prior written approval: (i) a reduction or increase by more than five percent (5%) in the square footage of the Project, or (ii) a change in the basic use of the Property and improvements, (iii) an increase or reduction in the Project budget by more than 10% or (iv) a delay in the Project completion date of more than 90 days, or (v) Change Orders costing more than \$150,000 each, or more than \$1,000,000 in the aggregate. DCD will respond to Partnership's request for written approval within 30 days from receipt of such request by granting or denying such request or by requesting additional information from Partnership. If DCD does not respond to Partnership's request, and if Partnership has complied with the requirements for notice stated in Section 17.02, then Partnership's request will be deemed to have been approved by DCD. Developer Parties will not authorize or permit the performance of any work relating to any Change Order requiring DCD's prior written approval or the furnishing of materials in connection therewith prior to the receipt by Partnership of DCD's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, will contain a provision to this effect. An approved Change Order will not be deemed to imply any obligation on the part of the City to increase the amount of City Funds or to provide any other additional assistance to Partnership.

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

3.06 Other Approvals. Any DCD approval under this Agreement will have no effect upon, nor will it operate as a waiver of, Developer Parties' obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals).

3.07 Progress Reports and Survey Updates. After the Closing Date, on or before the 15th day of each reporting month, Partnership will provide DCD with written quarterly construction progress reports detailing the status of the Project, including a revised completion date, if necessary (with any delay in completion date being considered a Change Order, requiring DCD's written approval under Section 3.04). Partnership must also deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of Section 8.08 (Prevailing Wage), Section 10.02 (City Resident Construction Worker Employment Requirement) and Section 10.03 (Partnership's MBE/WBE Commitment). If the reports reflect a shortfall in compliance with the requirements of Sections 8.08, 10.02 and 10.03, then there must also be included a written plan from Partnership acceptable to DCD to address and cure such shortfall. At Project completion, upon the request of DCD, Partnership will provide 3 copies of an updated Survey to DCD reflecting improvements made to the Property.

3.08 Inspecting Agent or Architect. The independent agent or architect (other than Partnership's architect) selected by the lender providing Lender Financing will also act as the inspecting agent or architect for DCD for the Project, and any fees and expenses connected with its work or incurred by such independent agent or architect will be solely for Partnership's account and will be promptly paid by Partnership. The inspecting agent or architect will perform

periodic inspections with respect to the Project, providing written certifications with respect thereto to DCD, prior to requests for disbursements for costs related to the Project.

3.09 **Barricades.** Partnership has installed a construction barricade of a type and appearance satisfactory to the City and which barricade was constructed in compliance with all applicable Federal, State or City laws, ordinances, rules and regulations. DCD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content, and design of all barricades (other than the name and logo of the Project) installed after the date of this Agreement.

3.10 **Signs and Public Relations.** Partnership will erect in a conspicuous location on the Property during the Project a sign of commercially reasonable size and style, 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 any other pertinent, non-confidential information regarding Developer Parties and the Project in the City's promotional literature and communications.

3.11 **Utility Connections.** Partnership may connect all on-site water, sanitary, storm and sewer lines constructed as a part of the Project to City utility lines existing on or near the perimeter of the Property, provided Partnership 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, Partnership is 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.

3.13 **Accessibility for Disabled Persons.** Partnership acknowledges that it is in the public interest to design, construct and maintain the Project in a manner that promotes, enables, and maximizes universal access throughout the Project. Plans for all buildings on the Property and related improvements have been reviewed and approved by the Mayor's Office for People with Disabilities ("MOPD") to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility.

SECTION FOUR: FINANCING

4.01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$41,721,331 to be applied in the manner stated in the Project Budget and funded from the sources identified in Exhibit K.

4.02 **Developer Parties Funds.** Equity and Lender Financing will be used to pay all Project costs, including but not limited to costs of TIF-Funded Improvements.

4.03 **City Funds.**

(a) **Uses of City Funds.**

(i) Any principal or interest paid under the Note, and any other funds expended by the City under this Agreement or otherwise related to the Project or to the TIF-Funded Improvements, are defined as "City Funds".

(ii) City Funds may be used to pay for or reimburse Developer Parties only for costs incurred by Developer Parties of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit D states, by line item, the TIF-

Funded Improvements for the Project, payment for which shall be contingent upon receipt by the City of documentation satisfactory in form and substance to DCD evidencing such costs and their respective eligibility as a Redevelopment Project Cost. Reimbursement of costs through City Funds will be in the form of payment of principal and interest under the Note.

(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 Parties for the costs of the TIF-Funded Improvements:

(i) Note. 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 issue the Note to the General Partner on the date of issuance of the Certificate. The principal amount of the Note shall not exceed the amount of TIF-Funded Improvements which have been incurred by the Developer Parties and are to be paid for or reimbursed by the City through payments of principal and interest on the Note, subject to the provisions hereof; provided, however, that payments under the Note are subject to the amount of Available Incremental Taxes deposited into the Redevelopment Project Area Special Tax Allocation Fund being sufficient for such payments, as well as the Prior TIF Obligations listed on Exhibit M attached hereto. The Note will be used to reimburse the Partnership for TIF-Funded Improvements incurred in the Project. From the date of issuance of the Certificate, the Note will be funded solely from Available Incremental Taxes. If, upon issuance of the Certificate, the principal amount of the Note exceeds the costs of TIF-Funded Improvements incurred in the Project, the principal amount of the Note, and any accrued interest, will be reduced accordingly.

(ii) The maximum total principal amount of City Funds will be \$8,216,100 of total Project costs.

(c) Issuance of the Note. On the date of the issuance of the Certificate, the City will issue to General Partner the Note with the following terms and conditions:

(i) Principal. The principal balance for the Note will be equal to the cost of TIF-Funded Improvements incurred by Developer Parties prior to the issuance date, up to a maximum amount of \$8,216,100. Such balance will be determined by the Certificate(s) of Expenditure issued by the City in the form of Exhibit J, upon Developer Parties providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement. After issuance of the Note, if the principal balance of the Note is less than \$8,216,100, then the principal balance of the Note will be increased when the City issues additional Certificate(s) of Expenditure in the form of Exhibit J, up to a maximum amount of \$8,216,100.

(ii) Interest. When issued, the interest rate for the Note will be zero percent per annum, and will increase to not greater than the JPMorgan Chase Prime rate per annum commencing on the 4th anniversary of the date of the Certificate.

(iii) Term. The Note will be issued as of the date of issuance of the Certificate and will have a term that expires on July 30, 2020.

- (iv) Payments of Principal and Interest.
- (A) Interest, if any, on the Note will begin to accrue at the date of issuance. Amortization of principal will be over the term of the Note as provided in the debt service schedule attached to the Note.
 - (B) Payments of principal and interest on the Note shall commence upon the issuance of the Certificate in accordance with the debt service schedule attached to the Note.
 - (C) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on the Note and on unpaid interest, if any. In the ordinance authorizing the issuance of the Note, the City established an account denominated the: "Parkside IIA Rental Project Account" within the Redevelopment Project Area Special Tax Allocation Fund. All Available Incremental Taxes will be deposited into the Parkside IIA Rental Project Account.
 - (D) Payments of principal and interest on the Note will be made from Available Incremental Taxes deposited into the Parkside IIA Rental Project Account first to interest due under the Note, next to scheduled principal payments on the Note.
 - (E) After the principal and interest on the Note have been paid in full and the Note is canceled according to its terms, then the Parkside IIA Rental Project Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the Redevelopment Project Area Special Tax Allocation Fund.
- (v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on the Note, then: (a) the City will not be in default under this Agreement or the Note, and (b) due but unpaid scheduled payments (or portions thereof) on the Note will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at a rate not to exceed JPMorgan Chase Prime rate will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.
- (vi) Sale or Transfer of the Note. After the issuance of the Note, the Note may be pledged in a Qualified Transfer of the Note. Notwithstanding any such permitted pledge, the City shall have no obligation to make any payments with respect to the Note except to the General Partner, and then subject to the conditions set forth in this Agreement, including but not limited to Section 18.14, and in the Note.
- (vii) No Cessation of Note Payments. Notwithstanding anything to the contrary contained in this Agreement, after a Qualified Transfer of the Note in compliance with Section 4.03(c)(vi) above, if an Event of Default occurs, the City will, notwithstanding such Event of Default, continue to make payments with respect to the Note.

- (viii) Costs of Issuance of the Note. Partnership will be responsible for paying all legal and issuance costs in relation to the Note, including all costs of bond counsel, if any.
- (ix) Other Incremental Taxes. Any Incremental Taxes that either (a) are not Available Incremental Taxes or (b) are not required to make payments under this Agreement (whether because all currently due payments have been made, because of the full repayment of the Note, or otherwise) shall belong to the City and may be pledged or used for such purposes as the City deems necessary or appropriate.

4.04 Sale or Transfer of the Property or Project by Developer Parties.

(a) Prior to the Date of Issuance of the Certificate. Subject to Sections 4.04(c) and 16.01 below, Partnership must obtain the prior approval of the City for any sale or transfer to an entity that is not a Developer Party of any part of the Property or the Project prior to the issuance of the Certificate. Such approval by the City will be subject to the reasonable discretion requirement stated in Section 18.19.

(b) After the Date of Issuance of the Certificate, But Prior to the Date when the Note is Paid. Subject to Section 4.04(c) below, after the date of the Certificate, but prior to the date when the Note is paid, Partnership need not obtain prior approval for any sale or transfer of any part of the Property or the Project. Partnership must, however, notify the City not less than 60 days before any closing of sale or Partnership's intention to sell any part of the Property or the Project. Partnership must provide the City with true and correct copies of any contract for sale and related documents as part of such notice.

(c) Sales of Assets or Equity. For purposes of this Section 4.04, the phrase: "sale or transfer of any part of the Property or Project" includes any sales or transfers which are a part of the sale or transfer of all or substantially all of Partnership's assets or equity. The foregoing restrictions of this Section 4.04 do not apply to: (i) transfers of the ground lease; (ii) transfers to any condominium association or community association; and (iii) any dedications or easements required by the subdivision, PD or applicable law.

4.05 Treatment of Prior Expenditures. Only those expenditures made by Developer Parties with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DCD and approved by DCD as satisfying costs covered in the Project Budget, will be considered previously contributed Equity or Lender Financing, if any, hereunder (the "**Prior Expenditure(s)**"). DCD has the right, in its sole discretion, to disallow any such expenditure (not listed on Exhibit F) as a Prior Expenditure as of the date hereof. Exhibit F states the prior expenditures approved by DCD as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements will not be reimbursed to Developer Parties, but will reduce the amount of Equity and/or Lender Financing, if any, required to be contributed by Developer Parties under Section 4.01.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available under Section 4.03, Developer Parties will be solely responsible for such excess costs, and will hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and from any and all costs and expenses of completing the Project in excess of the Project Budget.

4.07 TIF Bonds. The Commissioner of DCD may, in his or her sole discretion, recommend that the City Council approve an ordinance or ordinances authorizing the issuance of TIF Bonds in an amount which, in the opinion of the City Comptroller, is marketable under the

then current market conditions. The proceeds of TIF Bonds may be used to pay the outstanding principal and accrued interest (through the date of prepayment) under the Note and for other purposes as the City may determine. The costs of issuance of the TIF Bonds would be borne solely by the City. Partnership will cooperate with the City in the issuance of the TIF Bonds, as provided in Section 8.05.

SECTION FIVE: CONDITIONS PRECEDENT

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

5.01 **Project Budget.** Developer Parties will have submitted to DCD, and DCD will have approved, a Project Budget in accordance with the provisions of Section 3.03.

5.02 **Scope Drawings and Plans and Specifications.** Developer Parties will have submitted to DCD, and DCD will have approved, the Scope Drawings and Plans and Specifications as provided in Section 3.02.

5.03 **Other Governmental Approvals.** Developer Parties will have secured or applied for all other necessary approvals and permits required by any Federal, State, or local statute, ordinance, rule or regulation to begin or continue construction of the Project, and will submit evidence thereof to DCD.

5.04 **Financing.**

(a) Developer Parties will have furnished evidence acceptable to the City that Developer Parties have Equity and Lender Financing, if any, at least in the amounts stated in Section 4.01 and Exhibit K, which are sufficient to complete the Project and satisfy their obligations under this Agreement. If a portion of such financing consists of Lender Financing, Developer Parties will have furnished evidence as of the Closing Date that the proceeds thereof are available to be drawn upon by Developer Parties as needed and are sufficient (along with the Equity and other financing sources, if any, stated in Section 4.01 and Exhibit K) to complete the Project.

(b) Prior to the Closing Date, Partnership will deliver to DCD a copy of the Escrow Agreement. The Escrow Agreement must provide that DCD will receive copies of all construction draw request materials submitted by Partnership after the date of this Agreement.

(c) Any financing liens against the Property and Project in existence at the Closing Date will be subordinated to certain encumbrances of the City stated in Section 7.02(b) of this Agreement under 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 Partnership, in the Office of the Recorder of Deeds of Cook County.

(d) The City agrees that the Developer Parties may collaterally assign their respective interests in this Agreement to any of their collective or respective lenders if any such lenders require such collateral assignment.

5.05 **Acquisition and Title.** On the Closing Date, Developer Parties will furnish the City with a copy of the Title Policy for the Property, showing Partnership as the named insured. The Title Policy will be dated as of the Closing Date and will contain only those title exceptions listed as Permitted Liens on Exhibit G and will evidence the recording of this Agreement under the provisions of Section 8.17. The Title Policy will also contain the following endorsements as

required by Corporation Counsel: an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (i.e., Zoning 3.1 plans and specifications) with parking, contiguity, location, access, and survey.

5.06 **Evidence of Clear Title.** Not less than 5 Business Days prior to the Closing Date, Developer Parties, at their own expense, will have provided the City with current searches under the names of each of the entities comprising Developer Parties as follows:

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

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

5.07 **Surveys.** Developer Parties will have furnished the City with 3 copies of the Survey.

5.08 **Insurance.** Partnership, at its own expense, will have insured the Property and the Project as required under Section 12. Prior to the Closing Date, certificates required under Section 12 evidencing the required coverages will have been delivered to DCD.

5.09 **Opinions of Developer Parties' Counsel.** On the Closing Date, Developer Parties will furnish the City with an opinion of counsel, substantially in the form of Exhibit H, with such changes as may be required by or acceptable to Corporation Counsel. If any Developer Party has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions stated in Exhibit H, such opinions shall be obtained by such Developer Party from its general corporate counsel.

5.10 **Evidence of Prior Expenditures.** Developer Parties will have provided evidence satisfactory to DCD of the Prior Expenditures as provided in Section 4.05.

5.11 **Financial Statements.** Developer Parties will have provided Financial Statements to DCD for their fiscal year 2009, and their most recently available unaudited interim Financial Statements.

5.12 **Additional Documentation.** Partnership will have provided documentation to DCD, satisfactory in form and substance to DCD concerning Partnership's employment profile and copies of any ground leases or operating leases and other tenant leases executed by Partnership for leaseholds in the Project, if any.

5.13 **Environmental Audit.** Partnership will have provided DCD with copies of all phase I environmental audits completed with respect to the Property, if any, and a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits. If environmental issues exist on the Property, the City will require written verification from the Illinois Environmental Protection Agency that all identified environmental issues have been or will be resolved to its satisfaction.

5.14 **Entity Documents.** Parkside and General Partner will each provide a copy of its current Articles of Organization, with all amendments, containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state or organization and all other states in which Parkside or General Partner is qualified to do business; its current Operating Agreement; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such organizational documentation as the City may request. Partnership shall provide comparable organizational documentation.

5.15 **Litigation.** Developer Parties will provide to Corporation Counsel and DCD a description of all pending or threatened litigation or administrative proceedings involving Developer Parties or any Affiliate of Developer Parties (excluding any limited partners of the Partnership) 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.

5.16 **Preconditions of Accepting Certificates of Expenditure.** Prior to the acceptance by DCD of any Certificate of Expenditure under the Note, Developer Parties must submit to DCD documentation of such expenditures (in the form of waivers of lien, canceled checks, closing statements, or such other documentation as DCD may reasonably require), in form satisfactory to DCD. Delivery by Developer Parties to DCD of any Certificate of Expenditure hereunder will, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

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

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

(c) Developer Parties have approved all work and materials for the current certificate and, to the reasonable belief of Developer Parties, such work and materials conform to the Plans and Specifications;

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

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

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

(g) the Project is In Balance. The Project will 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 means: (i) the undisbursed Lender Financing, if any; (ii) the undisbursed Equity; (iii) any undisbursed proceeds of any bonds issued to pay Project costs; (iv) any budgeted interest amounts on any of the foregoing funds held pending disbursement for payment of Project costs; and (v) any other amounts deposited by Partnership or General Partner under this Agreement. Partnership and General Partner agree that, if the particular phase of the Project is not In Balance, Partnership and General Partner

will, within 10 days after a written request by the City, deposit either with the lender providing any of the Lender Financing or with the construction escrow agent, cash in an amount that will place the particular phase of the Project In Balance, which deposit shall first be exhausted upon the request of such lender before any further acceptance of a Certificate of Expenditure shall be made.

The City will not execute any Certificate of Expenditure for the Note unless Developer Parties have satisfied the City that Developer Parties have complied, or are implementing a plan to comply, with the requirements of Sections 8.08, 10.02 and 10.03. The City will have the right, in its reasonable discretion, to require Partnership and General Partner 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 acceptance of a Certificate of Expenditure by the City will be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct. In addition, Developer Parties will have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements not inconsistent with this Agreement and stated in the TIF Bond Ordinance, if any, the Bonds, if any, the TIF Bonds, if any, the TIF Ordinances, the Note, and this Agreement.

SECTION SIX: AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors.

(a) DCD acknowledges that Partnership has selected Linn-Mathes, Inc. or an Affiliate as the General Contractor for the Project. Partnership will cause the General Contractor to solicit bids for work on the Project solely from qualified subcontractors eligible to do business with the City of Chicago.

(b) Partnership must submit copies of the Construction Contract to DCD as required under Section 6.02 below. Upon the written request of the City, Partnership will provide photocopies of all subcontracts entered or to be entered into in connection with the Project within five (5) Business Days of the execution thereof. The Partnership must ensure that the General Contractor will not (and must cause the General Contractor to ensure that the subcontractors will not) begin work on the Project (or any phase thereof) until the applicable Plans and Specifications for that phase have been approved by the City and all requisite permits have been obtained.

6.02 **Construction Contract.** Prior to the execution thereof, Partnership must deliver to DCD a copy of the proposed Construction Contract with the General Contractor selected to work on the Project, for DCD's prior written approval. Following execution of such contract by Partnership, the General Contractor and any other parties thereto, Partnership must deliver to DCD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 **Performance and Payment Bonds.** Prior to commencement of construction of any work in the public way, Partnership will require that the General Contractor and any applicable subcontractor(s) be bonded (as to such work in the public way) for their respective payment and performance by sureties having an AA rating or better using the bond form attached as Exhibit I. The City will be named as obligee or co-obligee on such bond.

6.04 **Employment Opportunity.** Partnership will contractually obligate and cause the General Contractor to agree and contractually obligate each subcontractor to agree to the provisions of Section 10; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and the 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 obligation shall not result in a default or a termination of this Agreement or require payment of the City resident hiring shortfall amounts so long as such Section 10 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 must contain provisions required under Section 3.04 (Change Orders), Section 8.08 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Construction Worker Employment Requirement), Section 10.03 (Partnership's MBE/WBE Commitment), Section 12 (Insurance) and Section 14.01 (Books and Records).

SECTION SEVEN: COMPLETION OF CONSTRUCTION

7.01 **Certificate of Completion of Construction.**

(a) Upon completion of the construction of the Project in compliance with the terms and conditions of this Agreement, and upon Partnership's written request, DCD will issue to Developer Parties a certificate of completion of construction in recordable form (the "**Certificate**") certifying that Developer Parties have fulfilled their obligations to complete the Project in compliance with the terms and conditions of this Agreement. DCD will respond to Partnership's written request for a Certificate within 30 days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed and the measures which must be taken by Developer Parties in order to obtain the Certificate. Partnership may resubmit a written request for a Certificate upon completion of such measures, and the City will respond within 30 days in the same way as the procedure for the initial request. Such process may repeat until the City issues a Certificate.

(b) Each Developer Party acknowledges and understands that the City will not issue a Certificate until (i) the City's Monitoring and Compliance unit has determined in writing that Partnership is in complete compliance with all City requirements (M/WBE, City residency and prevailing wage) as required in this Agreement, (ii) the Project, including all 112 residential units, the commercial space, the parking spaces and all related improvements, has been completed, (iii) at least 80% of the residential units have been leased, and (iv) Developer Parties have received a Certificate of Occupancy from the City or other evidence reasonably acceptable to DCD that the Developer Parties have complied with building permit requirements.

7.02 **Effect of Issuance of Certificate; Continuing Obligations.**

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

(b) Those covenants specifically described at Section 8.02 (Covenant to Redevelop), Section 8.18 (Real Estate Provisions), and Section 8.19 (Affordability Requirements) as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement. The other executory terms of this Agreement

that remain after the issuance of the Certificate will be binding only upon each Developer Party or a permitted assignee of such Developer Party who, as provided in Section 18.14 (Assignment) of this Agreement, has contracted to take an assignment of such Developer Party's rights under this Agreement and assume such Developer Party's liabilities hereunder.

7.03 **Failure to Complete.** If Developer Parties fail to timely complete the Project in compliance with the terms of this Agreement, then the City will have, but will 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 under this Agreement;

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

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

7.04 **Notice of Expiration of Term of Agreement.** Upon the expiration of the Term of the Agreement, DCD will provide Developer Parties, at their written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

SECTION EIGHT: REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEVELOPER PARTIES.

8.01 **General.** Each of Parkside, Partnership and General Partner represent, warrant, and covenant, as of the date of this Agreement and as of the date of issuance of the Note as follows. Representations, warranties and covenants denoted (Parkside Only) or (P/GP Only) shall be deemed to have been made only by Parkside or Partnership/General Partner, as applicable; otherwise, they shall be deemed to apply to all.

(a) Parkside is an Illinois limited liability company, duly organized, validly existing and in good standing (Parkside only);

(b) Parkside is the sole member of General Partner, and Parkside consists of two members with the following corresponding interests: Holsten Real Estate Development Corporation, an Illinois corporation (60%); and Cabrini Green LAC Community Development Corporation, an Illinois not-for-profit corporation (40%) (Parkside only).

(c) Parkside has the right, power and authority to enter into, execute, deliver and perform this Agreement or has otherwise applied for permits and approvals required to complete the Project (Parkside only);

(d) The execution, delivery and performance of this Agreement has been duly authorized by all necessary limited liability company action, and does not and will not violate Parkside's Articles of Organization as amended and supplemented, its Operating Agreement, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which Parkside is now a party or by which

Parkside or any of its assets is now or may become bound (Parkside only);

(e) Partnership (i) is an Illinois limited partnership duly organized and validly existing in the State of Illinois, (ii) has the right, power and authority to enter into, execute, deliver and perform this Agreement, and (iii) has been duly authorized by all necessary limited partnership action to execute, deliver and perform its obligations under this Agreement, which execution, delivery and performance does not and will not violate its articles of limited partnership or partnership agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Partnership is now a party or by which it may become bound (P/GP only);

(f) General Partner (i) is an Illinois limited liability company, duly organized, validly existing and in good standing, (ii) has the right, power and authority to enter into, execute, deliver and perform this Agreement, and (iii) has been duly authorized by all necessary limited liability company action to execute, deliver and perform its obligations under this Agreement, which execution, delivery and performance does not and will not violate its articles of organization or operating agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the General Partner is now a party or by which it may become bound (P/GP only);

(g) Partnership has acquired and will maintain good and merchantable leasehold title, or fee simple title, as the case may be, to the Property (and improvements) free and clear of all liens except for the Permitted Liens or Lender Financing, if any, as disclosed in the Project Budget (P/GP only);

(h) Partnership is now, and until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which Partnership has no further economic interest in the Project, will remain solvent and able to pay its debts as they mature (P/GP only);

(i) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending or, to Partnership's actual knowledge threatened or affecting Partnership which would impair its ability to perform under this Agreement (P/GP only);

(j) Partnership has or will acquire as necessary and will 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 (P/GP only);

(k) Partnership 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 Partnership is a party or by which Partnership or any of its assets is bound which would materially adversely affect its ability to comply with its obligations under this Agreement (P/GP only);

(l) 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 Partnership; and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of Partnership since the date of Partnership's most recent Financial Statements (P/GP only);

(m) prior to the issuance of the Certificate, if it would materially adversely affect

Partnership's ability to perform its obligations under this Agreement, Partnership will not do any of the following without the prior written consent of DCD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose (directly or indirectly) of all or substantially all of its assets or any portion of the Property or the Project (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business or in accordance with Section 4.04; (3) enter into any transaction outside the ordinary course of Partnership's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity (except as required in connection with Lender Financing or tax credit equity investment for the Project); or (5) enter into any transaction that would cause a material and detrimental change to Partnership's financial condition; provided, however, this section shall not apply to any commercial leases entered into in the ordinary course of business, it being acknowledged that Partnership shall have the right to enter into commercial leases in the ordinary course of business for all or any portion of the Property on such terms as are determined by Partnership (P/GP only);

(n) Partnership has not incurred and, prior to the issuance of the Certificate, will not, without the prior written consent of the Commissioner of DCD, allow the existence of any liens against the Project other than the Permitted Liens; or incur any indebtedness secured or to be secured by the Project or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget (P/GP only);

(o) None of the Developer Parties has 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 under 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 such Developer Party in violation of Chapter 2-156-120 of the Municipal Code of the City, as amended; and

(p) None of Parkside, Partnership, General Partner or any affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subsection only, "affiliate" means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

8.02 Covenant to Redevelop. Upon DCD's approval of the Scope Drawings and Plans and Specifications as provided in Section 3.02, and DCD's approval of the Project Budget as provided in Section 3.03, and Partnership's receipt of all required building permits and governmental approvals, Developer Parties will redevelop the Property in compliance with this Agreement, the TIF Ordinances, the PD, the CHA Redevelopment Agreement, the Scope Drawings, the Plans and Specifications, the Project Budget and all amendments thereto, and all Federal, State and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project and/or Partnership.

The covenants set forth in this Section 8.02 will run with the land and will be binding upon any transferee of the Property, or a portion thereof, unless terminated in whole or in part by the City,

acting through DCD, pursuant to a written instrument executed pursuant to Section 7.02 and recorded against the Property, or any portion thereof.

8.03 **Redevelopment Plan.** Developer Parties represent that the Project is and will be in compliance with all applicable terms of the Redevelopment Plan, as in effect on the date of this Agreement.

8.04 **Use of City Funds.** City Funds disbursed to Developer Parties will be used by Developer Parties solely to pay for or reimburse Developer Parties for their payment for the TIF-Funded Improvements as provided in this Agreement.

8.05 **Other Bonds.** At the request of the City, Developer Parties will agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole and absolute discretion) TIF Bonds or other bonds ("**Bonds**") in connection with the Project or the Redevelopment Area, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the TIF-Funded Improvements; provided, however, that any such amendments will not have a material adverse effect on Developer Parties or the Project and provided further, however, that payment obligations relating to any such Bonds shall be subordinate to the City's obligations hereunder with respect to payments under the Note or the proceeds of such Bonds shall be used to fully retire the Note. Developer Parties will cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition, and assisting the City in its preparation of an offering statement with respect thereto. None of the Developer Parties will have any liability with respect to any disclosures made in connection with any such issuance that are actionable under applicable securities laws unless such disclosures are based on factual information provided by Developer Parties that is determined to be false and misleading.

8.06 **Employment Opportunity.**

(a) Partnership and General Partner covenant and agree to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and, as applicable, to cause the General Contractor to contractually obligate each subcontractor to abide by the terms set forth in Section 8.08 and Section 10; 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 or a termination of the Agreement or require payment of the City resident hiring shortfall amount so long as such Section 10 obligations are satisfied on an aggregate basis. Partnership and General Partner will submit to DCD a plan describing their compliance program prior to the Closing Date.

(b) Partnership and General Partner will deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of Sections 8.08, 10.02 and 10.03 of this Agreement. If any such reports indicate a shortfall in compliance, Partnership and General Partner will also deliver a plan to DCD which will outline, to DCD's satisfaction, the manner in which Developer Parties will correct any shortfall.

8.07 **Employment Profile.** Partnership and General Partner will submit, and contractually obligate and cause the General Contractor to submit and contractually obligate any subcontractor to submit, to DCD, from time to time, statements of its employment profile upon DCD's request.

8.08 **Prevailing Wage.** The Partnership and General Partner covenant and agree to

pay, and to contractually obligate and cause the General Contractor to pay and to contractually cause each subcontractor to pay, the prevailing wage rate as ascertained by the federal government pursuant to the Davis-Bacon Act, to all their respective employees working on constructing the Project or otherwise completing the TIF-Funded Improvements. All such contracts will 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 federal prevailing wage rates are revised, the revised rates will apply to all such contracts. Upon the City's request, Partnership and General Partner will provide the City with copies of all such contracts entered into by any Developer Party or the General Contractor to evidence compliance with this Section 8.08.

8.09 **Arms-Length Transactions.** Unless DCD has given its prior written consent with respect thereto, no Affiliate of a Developer Party (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. Developer Parties will provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to an Affiliate by a Developer Party and reimbursement to such Developer Party for such costs using City Funds, or otherwise), upon DCD's request, prior to any such disbursement.

8.10 **No Conflict of Interest.** Under Section 5/11-74.4-4(n) of the Act, each Developer Party 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 Developer Parties with respect thereto, (a "**City Group Member**") owns or controls, has owned or controlled or will own or control any interest, and no such City Group Member will 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 Parkside, Partnership, General Partner, the Property, the Project, or to any Developer Party's actual knowledge, any other property in the Redevelopment Area.

8.11 **Disclosure of Interest.** None of the Developer Parties' counsel has direct or indirect financial ownership interest in Parkside, Partnership, General Partner, the Property, or any other feature of the Project.

8.12 **Financial Statements.** Partnership will obtain and provide to DCD Financial Statements for Partnership's fiscal year ended 2009, and each yearly thereafter for the Term of the Agreement. In addition, if requested by DCD, Partnership will submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DCD may request.

8.13 **Insurance.** Solely at their own expense, Developer Parties will comply with all provisions of Section 12 hereof.

8.14 **Non-Governmental Charges.**

(a) **Payment of Non-Governmental Charges.** Except for the Permitted Liens, and subject to subsection (b) below, Developer Parties agree to pay or cause to be paid when due any Non-Governmental Charges assessed or imposed upon the Project, or any fixtures that are or may become attached thereto and which are owned by a Developer Party, which create, may create, or appear to create a lien upon all or any portion of the Project; provided however, that if such Non-Governmental Charges may be paid in installments, Developer Parties may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. Developer Parties will

furnish to DCD, within thirty (30) days of DCD's request, official receipts from the appropriate entity, or other evidence satisfactory to DCD, evidencing payment of the Non-Governmental Charges in question.

(b) Right to Contest. Developer Parties will have the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charges by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charges, prevent the imposition of a lien or remove such lien, or prevent the transfer or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend Developer Parties' covenants to pay any such Non-Governmental Charges at the time and in the manner provided in this Section 8.14); or

(ii) at DCD's sole option, to furnish a good and sufficient bond or other security satisfactory to DCD in such form and amounts as DCD will require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such transfer 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 Charges and all interest and penalties upon the adverse determination of such contest.

8.15 Developer's Liabilities. No Developer Party will enter into any transaction that would materially and adversely affect its ability to perform its obligations under this Agreement. Each Developer Party will immediately notify DCD of any and all events or actions which may materially affect such party's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements related to this Agreement or the Project.

8.16 Compliance with Laws. To the best of each Developer Party's knowledge, after diligent inquiry, the Property and the Project are in compliance with all applicable Federal, State and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Property and the Project. Upon the City's request, Developer Parties will provide evidence satisfactory to the City of such current compliance.

8.17 Recording and Filing. Partnership will cause this Agreement, certain exhibits (as specified by Corporation Counsel) and all amendments and supplements hereto to be recorded and filed on the date hereof in the conveyance and real property records of Cook County, Illinois against the Property. Partnership will pay all fees and charges incurred in connection with any such recording. Upon recording, Partnership will immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.18 Real Estate Provisions.

(a) Governmental Charges.

(i) Payment of Governmental Charges. Subject to subsection (ii) below, Developer Parties agree to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon Developer Parties, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon Developer Parties or all or any portion of the Property or the Project. "**Governmental Charge**" means 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 Developer Parties, the Property, or the Project, including but not limited to real estate taxes.

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

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

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

(b) Developer Parties' Failure To Pay Or Discharge Lien. If Developer Parties fail to pay or contest any Governmental Charge or to obtain discharge of the same as required by this Section 8.18, Partnership will advise DCD thereof in writing, at which time DCD may, but will not be obligated to, and without waiving or releasing any obligation or liability of Developer Parties under this Agreement, in DCD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DCD deems advisable. All sums so paid by DCD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, will be promptly disbursed to DCD by Developer Parties. Notwithstanding anything contained herein to the contrary, this paragraph must not be construed to obligate the City to pay any such Governmental Charge. Additionally, if Developer Parties fail to pay any Governmental Charge, the City, in its sole discretion, may require Developer Parties to submit to the City audited

Financial Statements at Developer Parties' own expense.

8.19 Affordability Requirements.

(a) Affordable Units. Of the 112 units comprising the Project, 34 units (or 30% of the Project's units) shall be CHA Units affordable to households with incomes not greater than 60% AMI; 5 units (or 4% of the Project's units) shall be CHA Units affordable to households with incomes not greater than 80% AMI; 53 (or 47% of the Project's units) shall be affordable to households with AMI not greater than 60%; and 20 units shall not have any affordability restrictions.

(b) CHA Units. The Developer Parties agree and covenant to the City that, prior to any foreclosure of the Property by a lender providing Lender Financing, the provisions of that certain Regulatory Agreement executed by the Partnership and DCD as of the date hereof shall govern the terms of the Developer Parties' obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

- (i) The CHA Units shall be operated and maintained solely as residential rental housing;
- (ii) 34 of the 39 CHA Units shall be available for occupancy to and be occupied solely by Low Income Families (as defined below) upon initial occupancy; and
- (iii) 34 of the 39 CHA Units have monthly rents not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, and for the remaining 5 of the 39 CHA Units, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income.
- (iv) As used in this Section 8.19, the following terms have the following meanings:

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

(B) "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) 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.

(c) The covenants set forth in this Section 8.19 shall run with the land and be binding upon any transferee.

(d) The City and the Partnership may enter into a separate agreement to implement the provisions of this Section 8.19;

8.20 Job Readiness Program. If requested by the City, Partnership will use its best efforts to encourage its tenants at the Project to participate in job readiness programs

established by the City to help prepare individuals to work for businesses located within the Redevelopment Area.

8.21 **Broker's Fees.** Partnership has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to any of the transactions contemplated by this Agreement for which the City could become liable or obligated.

8.22 **No Business Relationship with City Elected Officials.** Partnership acknowledges receipt of a copy of Section 2-156-030(b) of the Municipal Code and that Partnership has read and understands such provision. Under Section 2-156-030(b) of the Municipal Code of Chicago, 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 official has a "Business Relationship" (as defined in Section 2-156-080(b)(2) of the Municipal Code), or to participate in any discussion of 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. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to this Agreement, or in connection with the transactions contemplated thereby, will be grounds for termination of this Agreement and the transactions contemplated thereby. Partnership 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 thereby.

8.23 **Environmental Features.** The design of the Project incorporates the following environmentally-friendly elements for which Partnership shall be responsible: permeable pavers covering at least 50% of the parking spaces; high efficiency heating and hot water; high insulation values in the windows and walls using 25% or more recycled-content insulation; insulated heaters; and a gearless elevator.

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

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

SECTION NINE: REPRESENTATIONS, WARRANTIES AND COVENANTS OF CITY

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

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

SECTION TEN: DEVELOPER PARTIES' EMPLOYMENT OBLIGATIONS

10.01 **Employment Opportunity.** Partnership, 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 Partnership operating on the Project (collectively, with Partnership, such parties are defined herein as the "**Employers,**" and individually defined herein as an "**Employer**") to agree, that for the Term of this Agreement with respect to Partnership 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 must take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, must 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 will comply with all applicable 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 State Human Rights Act, 775 ILCS 5/1-101 et. seq. (2002 State Bar Edition, as amended), and any subsequent amendments and regulations promulgated thereto.

(d) Each Employer, in order to demonstrate compliance with the terms of this Section, will 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 will include the foregoing provisions of subparagraphs (a) through (d) in every construction contract entered into in connection with the Project (other than for remediation and demolition entered into prior to the date of this Agreement), and will 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 will 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 will be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof, subject to the cure rights under Section 15.03.

10.02 City Resident Construction Worker Employment Requirement.

(a) Partnership agrees for itself and its successors and assigns, and will contractually obligate its General Contractor and will cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they will 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 will be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, Partnership, its General Contractor and each subcontractor will be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions. Partnership, the General Contractor and each subcontractor will use their respective best efforts to exceed the minimum percentage of hours stated above, and to employ neighborhood residents in connection with the Project.

(b) Partnership 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.

(c) **"Actual residents of the City"** means persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

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

(e) Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) will be submitted to the Commissioner of DCD in triplicate, which will 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.

(f) Upon 2 Business Days prior written notice, Partnership, the General Contractor and each subcontractor will provide full access to their employment records related to the Construction of the Project to the Chief Procurement Officer, the Commissioner of DCD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. Partnership, the General Contractor and each subcontractor will maintain all relevant personnel data and records related to the Construction of the Project for a period of at least 3 years after final acceptance of the work constituting the Project.

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

(h) Good faith efforts on the part of Partnership, the General Contractor and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting

of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) will not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

(i) When work at the Project is completed, in the event that the City has determined that Partnership has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual residents of the City 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 undertaken by Partnership (and specifically excluding any tenant improvements which are not undertaken by Partnership) (the product of .0005 x such aggregate hard construction costs) (as the same will be evidenced by approved contract value for the actual contracts) will be surrendered by Partnership to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly will result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject Partnership, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to Partnership pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether Partnership must surrender damages as provided in this paragraph.

(j) Nothing herein provided will 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.

(k) Partnership will cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project (other than contracts for remediation and demolition entered into prior to the date of this Agreement).

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

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

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

(b) For purposes of this Section 10.03 only:

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

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

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

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

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

subsection (e), the disqualification procedures are further described in Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

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

(g) Prior to the commencement of the Project, Partnership shall be required to meet with the City's monitoring staff with regard to Partnership's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, Partnership shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, Partnership shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that Partnership is not complying with its obligations under this Section 10.03, shall, upon the delivery of written notice to Partnership, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to Partnership to halt the Project, (2) withhold any further payment of any City Funds to General Partner or the General Contractor, or (3) seek any other remedies against Partnership available at law or in equity.

SECTION ELEVEN: ENVIRONMENTAL MATTERS

11.01 **Environmental Matters.** Partnership hereby represents and warrants to the City that Partnership has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws (taking into account the anticipated issuance and applicability of any NFRLs issued with respect to the Property), this Agreement and all Exhibits, the Scope Drawings, the Plans and Specifications and all amendments thereto, the TIF Bond Ordinance, if any, and the Redevelopment Plan.

Without limiting any other provisions hereof, Partnership agrees to indemnify, defend and hold the City (except with respect to Existing Materials and any gross negligence or wanton or willful misconduct by the City) harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Partnership: (i) the presence of any Hazardous Materials on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Materials from all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or Partnership or any of its Affiliates under any Environmental Laws relating to the Property.

This Section shall not be construed to require Partnership to assume any of the obligations of the CHA with respect to remediation work required to be performed by the CHA, and Partnership may exercise such rights and remedies it may have to enforce the CHA's performance of the work, provided, however, that this sentence shall not be construed to limit

Partnership's indemnification obligations hereunder.

SECTION TWELVE: INSURANCE

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

(a) Prior to execution and delivery of this Agreement

(i) Workers Compensation and Employers Liability

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

(ii) Commercial General Liability (Primary and Umbrella)

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

(iii) All Risk Property

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

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

(i) Workers Compensation and Employers Liability

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

(ii) Commercial General Liability (Primary and Umbrella)

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

(iii) Automobile Liability (Primary and Umbrella)

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

(iv) Railroad Protective Liability

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

(v) All Risk /Builders Risk

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

(vi) Professional Liability

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

(vii) Valuable Papers

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

(viii) Contractors Pollution Liability

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

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

(d) Other Requirements: The Partnership must furnish the City of Chicago, Department of Planning Services, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Partnership must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from Partnership is not a waiver by the City of any requirements for the Partnership to obtain and maintain the specified coverages. The Partnership shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve Partnership of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work and/or terminate agreement until proper evidence of insurance is provided.

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

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

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

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

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

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

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

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

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

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

SECTION THIRTEEN: INDEMNIFICATION

13.01 **General Indemnity.** Each of Developer Parties agrees to severally, but not jointly, indemnify, pay 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 (arising out of a third party action against the City), 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 shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees by a third party in any manner relating to or arising out of:

- (i) Such Developer Party's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or
- (ii) Such Developer Party's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project feature or improvement; or
- (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by such Developer Party or any of its Affiliates or any of their respective agents, employees, contractors or persons acting under the control or at the request of such Developer Party or any of its Affiliates; or
- (iv) a Developer Party's failure to cure any misrepresentation in this Agreement or any other document or agreement relating hereto; or
- (v) any act or omission by such Developer Party or any of its Affiliates.

provided, however, that no Developer Party shall have any 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, such Developer Party will contribute the maximum portion that it is permitted to pay and satisfy under 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 will survive the termination of this Agreement.

SECTION FOURTEEN: MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 **Books and Records.** Developer Parties will keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual costs 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 Partnership's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, will be available at Partnership's offices for inspection, copying, audit and examination by an authorized representative of the City, at Partnership's expense. No Developer Party will pay for salaries or fringe benefits of auditors or examiners. Developer Parties must incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by a Developer Party with respect to the Project.

14.02 **Inspection Rights.** Upon 3 Business Days notice, any authorized representative of the City will have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION FIFTEEN: 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, will constitute an "Event of Default" by a Developer Party, as applicable, hereunder (provided, however, the occurrence of an Event of Default by Partnership shall not be deemed to constitute an Event of Default by Parkside and the occurrence of an Event of Default by Partnership or General Partner shall not be deemed to constitute an Event of Default by Parkside):

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

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

(c) the making or furnishing by a Developer Party 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 when made;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt by a Developer Party to create, any lien or other encumbrance upon the Property or the Project, 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 a Developer Party or for the liquidation or reorganization of a Developer Party, or alleging that a Developer Party is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of a Developer Party'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 a Developer

Party; provided, however, that if such commencement of proceedings is involuntary, such action will not constitute an Event of Default unless such proceedings are not dismissed within 60 days after the commencement of such proceedings;

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

(g) the entry of any judgment or order against a Developer Party for an amount in excess of \$1.0 million which remains unsatisfied or undischarged and in effect for 60 days after such entry without a stay of enforcement or execution;

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

(i) the dissolution of Parkside or Partnership or General Partner; or

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

For purposes of Section 15.01(j) hereof, a natural person with a material interest in a Developer Party is one owning in excess of thirty-three percent (33%) of such party's (or such party's ultimate parent entity's) issued and outstanding ownership shares or interest. Notwithstanding anything to the contrary contained herein, City hereby agrees that any cure of any default made or tendered by one or more of Partnership's limited partners shall be deemed to be a cure by the Partnership and/or Developer Parties and shall be accepted or rejected on the same basis as if made or tendered by Partnership and/or Developer Parties.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and any other agreements to which the City and the Developer Parties are or shall be parties and/or suspend disbursement of City Funds, except as otherwise provided in Section 4.03(c)(vii). 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. To the extent permitted by law, the City may also lien the Property. Without limiting the generality of the foregoing, with respect to Events of Defaults by a Developer Party prior to the issuance of a Certificate, the City shall be entitled to seek reimbursement of City Funds from Developer Parties. If an Event of Default attributable to Parkside's acts or omissions occurs, in no event shall the City be entitled to exercise remedies against Partnership or General Partner. If an Event of Default attributable to Partnership's or General Partner's acts or omissions occurs, in no event shall the City be entitled to exercise remedies against Parkside.

15.03 Curative Period.

(a) In the event a Developer Party fails to perform a monetary covenant which it is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default will not be deemed to have occurred unless the applicable party has failed to perform such monetary covenant within 10 days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant.

(b) In the event a Developer Party fails to perform a non-monetary covenant which it is required to perform under this Agreement, an Event of Default will not be deemed to have occurred unless the applicable party (or the non-defaulting Developer Party) has failed to cure such default within 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 30 day period, the applicable party will not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such 30 day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

SECTION SIXTEEN: MORTGAGING OF THE PROJECT

16.01 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 (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 a Developer Party may hereafter elect to record or permit to be recorded against the Property or any portion thereof without obtaining the prior written consent of the City is referred to herein as a "**New Mortgage.**" Any mortgage or deed of trust that a Developer Party may hereafter elect to record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "**Permitted Mortgage.**" It is hereby agreed by and between the City and the Developer Parties as follows:

(a) If a mortgagee or any other party shall succeed to a Developer Party's interest in the Property or any portion thereof by the exercise of remedies under a mortgage or deed of trust (other than an Existing Mortgage or a Permitted Mortgage) whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of such Developer Party's interest hereunder in accordance with Section 18.14 hereof, the City may, but will not be obligated to, attorn to and recognize such party as the successor in interest to such Developer Party for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party will be entitled to no rights or benefits under this Agreement, but such party will be bound by those provisions of this Agreement that are covenants expressly running with the land specified in Section 7.02.

(b) If any mortgagee or any other party shall succeed to a Developer Party's interest in the Property or any portion thereof by the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of a Developer Party's interest hereunder in accordance with Section 18.14 hereof, then the City hereby agrees to attorn to and recognize such party as the successor in interest to such Developer Party for all purposes under this Agreement so long as such party accepts all of the executory obligations and liabilities of a "Developer Party" hereunder. Notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of a Developer Party's interest under this Agreement, such party will have no liability under this Agreement for any Event of Default of such Developer Party which occurred prior to the time such party succeeded to the interest of such Developer Party under this Agreement, in which case such Developer Party will

be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of such Developer Party's interest hereunder, such party will be entitled to no rights and benefits under this Agreement, and such party will be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land specified in Section 7.02.

(c) Prior to the issuance by the City to Developer Parties of a Certificate under Section 7 hereof, no New Mortgage will be executed with respect to the Property or the Project or any portion thereof without the prior written consent of the Commissioner of DCD. A feature of such consent will be that any New Mortgage will subordinate its mortgage lien to the covenants in favor of the City that run with the land. After the issuance of a Certificate, consent of the Commissioner of DCD is not required for any such New Mortgage.

SECTION SEVENTEEN: NOTICES

17.01 **Notices.** All notices and any other communications under this Agreement will: (A) be in writing; (B) be sent by: (i) telecopier/fax machine, (ii) delivered by hand, (iii) delivered by an overnight courier service which maintains records confirming the receipt of documents by the receiving party, or (iv) registered or certified U.S. Mail, return receipt requested; (C) be given at the following respective addresses:

If to the City:	City of Chicago Department of Community Development Attn: Commissioner 121 North LaSalle Street, Room 1000 Chicago, IL 60602 312/744-2271 (Fax)
With Copies To:	City of Chicago Corporation Counsel Attn: Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602 312/744-8538 (Fax)
If to a Developer Party:	Parkside Nine II, LLC 1333 North Kingsbury, Suite 305 Chicago, Illinois 60642 Attn: Peter Holsten Fax: 312/337-4592
With copy to:	Applegate & Thorne-Thomsen 322 S. Green Street, Suite 400 Chicago, Illinois 60607 Attention: Tom Thorne-Thomsen, Esq. Fax: 312/421-6162
And to:	Holsten Real Estate Development Corporation 1333 N. Kingsbury, Suite 305 Chicago, IL 60622 Attn: Peter Holsten
And to:	Edwin F. Mandel Legal Aid Clinic 6020 S. University Avenue

Chicago, IL 60637
Attn: Jeff Leslie, Esq.

And to: Cabrini Green LAC Community Development Corporation
984 North Hudson
Chicago, IL 60610
Attn: President

And to: Alliant Asset Management Company
21600 Oxnard Street, Suite 1200
Woodland Hills, CA 91367
Attn: Brian Goldberg

And to: Bocarsly, Emden, Cowan, Esmail, Parker & Arndt LLP
633 West Fifth Street,
70th Floor
Los Angeles, CA 90071
Attn: Lance S. Bocarsly, Esq.

If to Existing Mortgagee: JPMorgan Chase Bank, N.A.
Community Development Real Estate
Chase Tower
10 South Dearborn Street
Mail Code IL 1-0953
Chicago, IL 60603
Attn: John D. Bernhard

With copy to: Dykema Gossett PLLC
10 South Wacker Drive, Suite 2300
Chicago, IL 60606
Attn: Derek L. Cottier, Esq.

If to CHA: Chicago Housing Authority
60 East Van Buren
Chicago, Illinois 60605
Attn: Chief Executive Officer

With copy to: Chicago Housing Authority
Office of the General Counsel
60 East Van Buren, 12th Floor
Chicago, Illinois 60605
Attn: General Counsel

And to: The Habitat Company LLC
350 West Hubbard St.
Chicago, IL 60654
Attn: President and Chief Executive Officer

or at such other address or telecopier/fax number or to the attention of such other person as the party to whom such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address" and, (D) be effective or deemed delivered or furnished: (i) if given by telecopier/fax, when such communication is confirmed to have been transmitted to the appropriate telecopier/fax number specified in this section, and confirmation is deposited into the U.S. Mail, postage prepaid to the recipient's address shown

herein; (ii) if given by hand delivery or overnight courier service, when left at the address of the addressee, properly addressed as provided above.

17.02 **Developer Requests for City or DCD Approval.** Any request under this Agreement for City or DCD approval submitted by a Developer Party will comply with the following requirements:

(a) be in writing and otherwise comply with the requirements of Section 17.01 (Notices);

(b) expressly state the particular document and section thereof relied on by Developer Parties to request City or DCD approval;

(c) if applicable, note in bold type that failure to respond to such Developer Party's request for approval by a certain date will result in the requested approval being deemed to have been given by the City or DCD;

(d) if applicable, state the outside date for the City's or DCD's response; and

(e) be supplemented by a delivery receipt or time/date stamped notice or other documentary evidence showing the date of delivery of such Developer Party's request.

SECTION EIGHTEEN: ADDITIONAL PROVISIONS

18.01 **Amendments.** Except as provided in this Section 18.01, and except for changes or amendments that are otherwise expressly identified as being in the discretion of the Commissioner, this Agreement and the Schedules and Exhibits attached hereto may not be materially amended without the written consent of all parties. In addition to consents and discretion expressly identified herein, the Commissioner, in her sole discretion, may amend or otherwise revise: (a) any exhibits containing legal descriptions in order to correct a surveyor's, scrivener's or clerical error in such a legal description, or to reflect any new subdivision of property index numbers, provided that such correction does not have a material effect on any portion of the Project; and (b) Exhibit B-2 to adjust unit locations and types; (c) Exhibits C-1 and C-2 in connection with updated budgets and/or the approval of Change Orders resulting in changes in the Project Budget in accordance with Section 3.05; (d) Exhibit D to adjust allocations between line items or to add new line items permitted under the Plan; (e) Exhibit K to reflect the terms of the final project financing, so long as such financing is not materially inconsistent with that contemplated hereunder; and (f) Exhibit G to correct inadvertent omissions or permit other minor title encumbrances not in the nature of a lien. Amendments required in clauses (b), (c) and (e) shall also require the Partnership's consent. The City in its sole discretion, may amend, modify or supplement the Redevelopment Plan. For purposes of this Agreement, Developer Parties are only obligated to comply with the Redevelopment Plan as in effect on the date of this Agreement.

18.02 **Complete Agreement, Construction, Modification.** This Agreement, including any exhibits and the other agreements, documents and instruments referred to herein or contemplated hereby, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous negotiations, commitments and writings with respect to such subject matter.

18.03 **Limitation of Liability.** No member, elected or appointed official or employee or agent of the City shall be individually, collectively or personally liable to Developer Parties or any successor in interest to Developer Parties in the event of any default or breach by the City or for any amount which may become due to Developer Parties or any successor in interest,

from the City or on any obligation under the terms of this Agreement.

18.04 **Further Assurances.** Parkside, Partnership, General Partner and City each 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, and to accomplish the transactions contemplated in this Agreement.

18.05 **Waivers.** No party hereto will be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by such party. No delay or omission on the part of a party in exercising any right will 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 will 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, will constitute a waiver of any of 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 must not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 **Parties in Interest/No Third Party Beneficiaries.** The terms and provisions of this Agreement are binding upon and inure to the benefit of, and are enforceable by, the respective successors and permitted assigns of the parties hereto. This Agreement will 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. Nothing contained in this Agreement, nor any act of the City or the Developer Parties, will be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City or Developer Parties.

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

18.09 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, must be construed together and will constitute one and the same instrument.

18.10 **Severability.** If any provision of this Agreement, or the application thereof, to any person, place or circumstance, is held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances will remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms will provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth herein. In such event, the parties will negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the parties' intent in entering into this Agreement.

18.11 **Conflict.** In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances in effect as of the date of this Agreement, such

ordinance(s) will prevail and control.

18.12 **Governing Law.** This Agreement is governed by and construed in accordance with the internal laws of the State, 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 will be in form and content satisfactory to the City.

18.14 **Assignment.** Prior to the issuance by the City to Developer Parties of the Certificate, Developer Parties may not sell, assign or otherwise transfer its interest in this Agreement or the Note in whole or in part without the written consent of the City; provided, however, that the Developer Parties may collaterally assign their respective interests in this Agreement to any of their collective or respective lenders identified to the City as of the Closing Date if any such lenders require such collateral assignment. Any successor in interest to Developer Parties under this Agreement will certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Section 8.25 (Survival of Covenants) hereof, for the Term of the Agreement. Each Developer Party hereby consents to the City's transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.15 **Binding Effect.** This Agreement is binding upon Parkside, Partnership, General Partner, the City and their respective successors and permitted assigns (as provided herein) and will inure to the benefit of Parkside, Partnership, General Partner the City and their respective successors and permitted assigns (as provided herein).

18.16 **Force Majeure.** Neither the City nor Developer Parties nor any successor in interest to either of them will 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, war, terrorism, 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. Such force majeure events shall also include the City's failure to complete the public improvements within the Property which, at the Closing Date, the City has agreed to undertake within a construction schedule mutually acceptable to the City and the Partnership, and the CHA's failure to complete any environmental remediation work that is the CHA's responsibility under applicable agreements between the CHA and the Parkside, if applicable. The individual or entity relying on this section with respect to any such delay will, 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.

18.17 **Exhibits and Schedules.** All of the exhibits and schedules attached hereto are incorporated herein by reference. Any exhibits and schedules to this Agreement will be construed to be an integral part of this Agreement to the same extent as if the same has been set forth verbatim herein.

18.18 **Business Economic Support Act.** Under the Business Economic Support Act (30 ILCS 760/1 et seq. 2002 State Bar Edition, as amended), if Partnership is required to provide notice under the WARN Act, Partnership will, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and Minority Leader of the Senate of State, and the Mayor of each municipality where

Partnership has locations in the State. Failure by Partnership 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.

18.19 **Approval.** Wherever this Agreement provides for the approval or consent of the City, DCD or the Commissioner, or any matter is to be to the City's, DCD'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, DCD 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 DCD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.20 **Construction of Words.** The use of the singular form of any word herein includes the plural, and vice versa. Masculine, feminine and neuter pronouns are fully interchangeable, where the context so requires. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, Section or other subdivision. The term "include" (in all its forms) means "include, without limitation" unless the context clearly states otherwise. The word "shall" means "has a duty to."

18.21 **Date of Performance.** If any date for performance under this Agreement falls on a Saturday, Sunday or other day which is a holiday under Federal law or under State law, the date for such performance will be the next succeeding Business Day.

18.22 **Survival of Agreements.** Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement will survive the consummation of the transactions contemplated hereby.

18.23 **Equitable Relief.** In addition to any other available remedy provided for hereunder, at law or in equity, to the extent that a party fails to comply with the terms of this Agreement, any of the other parties hereto shall be entitled to injunctive relief with respect thereto, without the necessity of posting a bond or other security, the damages for such breach hereby being acknowledged as unascertainable.

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

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

[The remainder of this page is intentionally left blank and the signature page follows]

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

CITY OF CHICAGO

By: Christine Raguso
Christine Raguso, Acting Commissioner,
Department of Community Development

PARKSIDE NINE PHASE II, LP, an Illinois limited partnership

By: PARKSIDE NINE II, LLC,
an Illinois limited liability company
its general partner

By: Parkside Associates, LLC,
an Illinois limited liability company,
its sole member

By: Holsten Real Estate Development Corporation, an Illinois corporation,
a member

By: _____
Name: Peter M. Holsten
Title: President

By: Cabrini Green LAC Community Development Corporation, an Illinois not-for-profit
corporation, a member

By: _____
Name: _____
Title: President

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

CITY OF CHICAGO

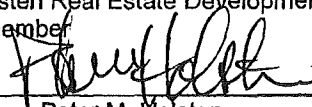
By: _____
Christine Raguso, Acting Commissioner,
Department of Community Development

PARKSIDE NINE PHASE II, LP, an Illinois limited partnership

By: PARKSIDE NINE II, LLC,
an Illinois limited liability company
Its general partner


By: Parkside Associates, LLC,
an Illinois limited liability company,
its sole member

By: Holsten Real Estate Development Corporation, an Illinois corporation,
a member

By: 

Name: Peter M. Holsten
Title: President

By: Cabrini Green LAC Community Development Corporation, an Illinois not-for-profit
corporation, a member

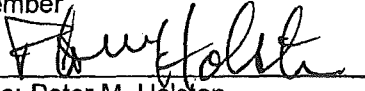
By: 

Name: Marvin Edwards
Title: President

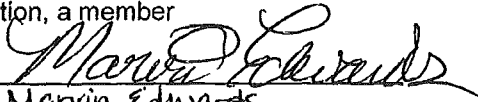
PARKSIDE NINE II, LLC, an Illinois limited liability company

By: Parkside Associates, LLC,
an Illinois limited liability company,
its sole member

By: Holsten Real Estate Development Corporation, an Illinois corporation,
a member

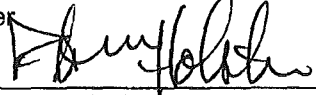
By: 
Name: Peter M. Holsten
Title: President

By: Cabrini Green LAC Community Development Corporation, an Illinois not-for-profit
corporation, a member

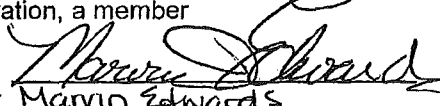
By: 
Name: Marvin Edwards
Title: President

PARKSIDE ASSOCIATES, LLC, an Illinois limited liability company,

By: Holsten Real Estate Development Corporation, an Illinois corporation,
a member

By: 
Name: Peter M. Holsten
Title: President

By: Cabrini Green LAC Community Development Corporation, an Illinois not-for-profit
corporation, a member

By: 
Name: Marvin Edwards
Title: President

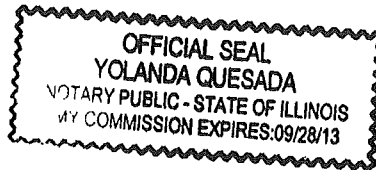
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Yolanda Quesada, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Christine Raguso, personally known to me to be Acting Commissioner of the Department of Community 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 of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 24 day of June, 2010.

Yolanda Quesada
Notary Public

My Commission Expires 9.28.2013

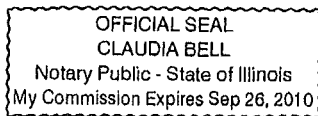


STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Peter M. Holsten, personally known to me to be the president of Holsten Real Estate Development Corporation, an Illinois corporation, a member of Parkside Associates, LLC, an Illinois limited liability company ("Parkside"), the sole member of Parkside Nine II, LLC, an Illinois limited liability company (the "General Partner"), the general partner of Parkside Nine Phase II, LP, an Illinois limited partnership (the "Partnership"), 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 severally acknowledged that as such officer, he signed and delivered the said instrument, pursuant to authority given by the members of Parkside, on behalf of the General Partner, as the free and voluntary act of such person, and as the free and voluntary act and deed of the General Partner and the Partnership, for the uses and purposes therein set forth.

Given under my hand and official seal this 28th day of June, 2010.

(SEAL)



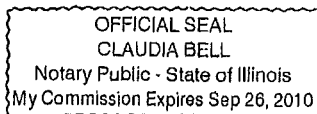
Claudia Bell
Notary Public

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Mawin Edwards, personally known to me to be the President of Cabrini Green LAC Community Development Corporation, an Illinois not-for-profit corporation, a member of Parkside Associates, LLC, an Illinois limited liability company ("Parkside"), the sole member of Parkside Nine II, LLC, an Illinois limited liability company (the "General Partner"), the general partner of Parkside Nine Phase II, LP, an Illinois limited partnership (the "Partnership"), 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 severally acknowledged that as such officer, s/he signed and delivered the said instrument, pursuant to authority given by the members of Parkside, on behalf of the General Partner, as the free and voluntary act of such person, and as the free and voluntary act and deed of the General Partner and the Partnership, for the uses and purposes therein set forth.

Given under my hand and official seal this 28th day of June, 2010.

(SEAL)



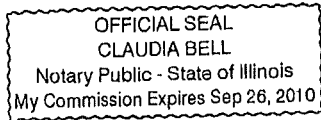
Claudia Bell
Notary Public

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Peter M. Holsten, personally known to me to be the president of Holsten Real Estate Development Corporation, an Illinois corporation, a member of Parkside Associates, LLC, an Illinois limited liability company ("Parkside"), 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 severally acknowledged that as such officer, he signed and delivered the said instrument, pursuant to authority given by the members of Parkside, as the free and voluntary act of such person, and as the free and voluntary act and deed of Parkside, for the uses and purposes therein set forth.

Given under my hand and official seal this 28th day of June, 2010.

(SEAL)



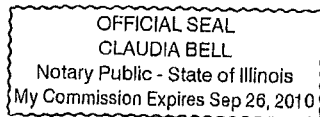
Claudia Bell
Notary Public

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Marrin Edwards, personally known to me to be the President of Cabrini Green LAC Community Development Corporation, an Illinois not-for-profit corporation, a member of Parkside Associates, LLC, an Illinois limited liability company ("Parkside"), 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 severally acknowledged that as such officer, s/he signed and delivered the said instrument, pursuant to authority given by the members of Parkside, as the free and voluntary act of such person, and as the free and voluntary act and deed of Parkside, for the uses and purposes therein set forth.

Given under my hand and official seal this 28th day of June, 2010.

(SEAL)



Claudia Bell
Notary Public

**PARKSIDE IIA RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

LIST OF EXHIBITS

Exhibit A	*Legal Description of the Redevelopment Area
Exhibit B-1	*Legal Description of the Property
Exhibit B-2	Site Plan for the Project
Exhibit C-1	*Project Budget
Exhibit C-2	*Construction (MBE/WBE) Budget
Exhibit D	*TIF-Funded Improvements
Exhibit E	Construction Contract
Exhibit F	Approved Prior Expenditures
Exhibit G	Permitted Liens
Exhibit H	Opinion of Counsel for Developer Parties
Exhibit I	Form of Payment and Performance Bond
Exhibit J	Form of the Note and related Certificate of Expenditure
Exhibit K	Lender Financing
Exhibit L	Escrow Agreement
Exhibit M	Prior TIF Obligations

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

EXHIBIT A
Legal Description of the Redevelopment Area

See attached.

COOK COUNTY
RECORDER OF DEEDS
SCANNED BY _____

COOK COUNTY
RECORDER OF DEEDS
SCANNED BY _____

Exhibit "A"

Legal Description.

Near North Redevelopment Project Area.

A tract of land comprised of a part of Section 4, and a part of the east half of Section 5, all in Township 39 North, Range 14 East of the Third Principal Meridian, which tract of land is more particularly described as follows:

beginning at the intersection of the east line of North Halsted Street with the south line of West North Avenue in Section 4 aforesaid; thence east along said south line to the northeast corner of Lot 3 in Ogden and Towne's Subdivision of Lot 158 in Butterfield's Addition to Chicago, in aforesaid Section 4; thence south along the east line of said Lot 3 to the southeast corner thereof (being also a point on the north line of a vacated alley); thence southeasterly to the intersection of the centerline of said vacated alley with a northeasterly line of the Chicago Transit Authority right-of-way; thence east and northeasterly along said centerline to an intersection with the northward projection of an east line of said right-of-way; thence south along said northward projection and said east line to an intersection with a north line of said right-of-way; thence east along said north line to an intersection with the centerline of vacated North Burling Street; thence south along said centerline to an intersection with a north line of said right-of-way;

thence east along said north line, crossing the east half of vacated North Burling Street, to an intersection with an east line of said right-of-way; thence south along said east line to an intersection with a north line of said right-of-way; thence east along said north line, passing into vacated North Orchard Street, to an intersection with the centerline of said vacated street; thence north along said centerline to an intersection with a north line of said right-of-way; thence east along said north line, crossing the east half of vacated North Orchard Street, to an intersection with the centerline of a vacated alley; thence south along said centerline to an intersection with a north line of said right-of-way; thence east along said north line, crossing the east half of said vacated alley to an intersection with the centerline of vacated North Frontier Avenue; thence south along said centerline to an intersection with a north line of said right-of-way; thence east along said north line, crossing the east half of vacated North Frontier Avenue and crossing North Ogden Avenue, to an intersection with the west line of North Larrabee Street; thence continuing east along said north line extended to an intersection with the east line of North Larrabee Street; thence north along said east line, crossing a public alley to an intersection with the south line of West North Avenue; thence east along said south line, crossing North Mohawk Street, North Cleveland Avenue, North Hudson Avenue, North Sedgwick Street, and North Orleans Street to an intersection with the east line of North Orleans Street; thence south along said east line to the northwest corner of Lot 90 in W. B. Ogden's Subdivision of the west half of Lots 120 and 125, all of Lots 123, 124, and Lot 127 to Lot 134, inclusive, and Lot 137 of Bronson's Addition to Chicago, in aforesaid Section 4; thence east along the north line of said Lot 90 to the northeast corner thereof; thence south along the east line of Lots 90 through 51, inclusive, in aforesaid W. B. Ogden's Subdivision and along the east line of Lots 1 to 4, inclusive, in Dixon's Subdivision of the east half of Lot 135 of aforesaid Bronson's Addition to Chicago, and the east line of Lots 8 to 5, inclusive, in the subdivision of Lot 136 in said Bronson's Addition, and the east line and east line extended south of Lots 25 to 17, inclusive, of W. B. Ogden's Subdivision of Lots 138, 139 and resubdivision of Lots 142 to 151 of aforesaid Bronson's Addition, to an intersection with the centerline of a public alley; thence west along said centerline to an intersection with the northward extension of the centerline of a public alley lying between said W. B. Ogden's Subdivision, the resubdivision of Lots 12 to 16 and 50 to 54 in the subdivision of Lots 138 and 139 and resubdivision of Lots 142 to 151, of aforesaid Bronson's Addition; thence south along said northward projection, said centerline and the southward extension thereof, crossing West Schiller Street to an intersection with the south line of said street; thence east along said south line to the northeast corner of Lot 25 in the subdivision of Lots 142 to 151, 154 to 156, 163 to 165, 168 to 173, 176 and 178 to 183, of aforementioned Bronson's Addition; thence south along the east line of Lot 25 and along the east

line of Lot 18 and the southward extension thereof in aforementioned subdivision, crossing a public alley, to an intersection with the north line of West Evergreen Avenue; thence east along said north line, crossing North Park Avenue and a vacated alley, to an intersection with the west line of North Wells Street thence south along said west line extended south and said west line, crossing West Evergreen Avenue, West Goethe Street and West Scott Street to an intersection with the north line of West Division Street; thence west along said north line to an intersection with an east line of the aforesaid right-of-way; thence south, crossing West Division Street to the intersection of said east line of right-of-way with the south line of West Division Street; thence south along said east line, being also the east line of Lot 29 in the subdivision of Block 3 of Johnston, Roberts and Storr's Addition to Chicago, to the southeast corner of said lot; thence west along the south line of Lots 29 through 26, inclusive, in said subdivision, to an intersection with the east line of North Orleans Street; thence south along said east line, crossing vacated West Elm Street, to the southwest corner of Lot 2 in the County Clerk's Division of Block 6 of Johnston, Roberts and Storr's Addition to Chicago; thence east along the south lines of Lot 2 and Lot 3 in said division to an intersection with a westerly line of the aforementioned right-of-way, said westerly line being a curved line convex to the east; thence southeasterly along said westerly line to an intersection with the north line of West Hill Street; thence east along said north line, crossing vacated North Franklin Street and vacated alleys to an intersection with the west line of North Wells Street; thence south along said west line extended south and along said west line, crossing West Hill Street, vacated West Wendell Street and West Oak Street, to an intersection with the south line of West Oak Street; thence west along said south line crossing vacated alleys and vacated North Franklin Street to the northeast corner of Lot 1 in the Assessor's Division of Lots 5 to 8 in the subdivision of Block 19 of Johnston, Roberts and Storr's Addition; thence south along the east line of Lots 1 and 10 in said division, and the southward extension of said east line to an intersection with the centerline of West Walton Street; thence west along said centerline to an intersection with the northward extension of the east line of the aforementioned right-of-way; thence south along said east line and said east line extended south, crossing West Walton Street, a public alley and West Locust Street, to an intersection with the south line of West Locust Street; thence west along said south line crossing public alleys and North Orleans Street, to an intersection with the east line of North Sedgwick Street; thence south along said east line to an intersection with the north line of West Chicago Avenue; thence west along said north line extended west and along said north line, crossing North Sedgwick Street, North Hudson Avenue, North Cleveland Avenue, North Cambridge Avenue and North Larrabee Street to an intersection with the west line of said North Larrabee Street; thence north along said west line to an intersection with the southwesterly line of North Kingsbury Street; thence northwesterly along said

southwesterly line, crossing vacated North Branch Street, to the southeast corner of Lot 10 in Block 96 of Elston's Addition to Chicago; thence southwesterly along the southeasterly line of said Lot 10 to the southwest corner thereof; thence northwesterly along the southwesterly line of Block 96, to the northwest corner of Lot 1 in said block; thence northwesterly, crossing vacated West Haines Street, to the southwest corner of Lot 7 in Block 85 of Elston's Addition, aforesaid; thence northwesterly along the southwesterly line of said Block 85 to a westerly corner of Lot 5 in said block; thence northwesterly, crossing North Halsted Street and entering Section 5, aforesaid, to the southeast corner of Block 73 in Elston's Addition; thence northwesterly along the southwesterly line of said Block 73 to an intersection with the south line of West Division Street; thence northeasterly to the southwest corner of Lot 15, Block 71, in Chicago Land Company's Resubdivision of certain blocks in Elston's Addition; thence northerly, northwesterly and westerly along the southwesterly lines of Block 71 of Elston's Addition, aforesaid, to the northwest corner of Lot 1 in said Chicago Land Company's Resubdivision; thence northwesterly crossing West Evergreen Avenue, to the southwest corner of Lot 7, Block 62, in said Chicago Land Company's Resubdivision; thence northeasterly along the northwesterly line of said West Evergreen Avenue, crossing North Kingsbury Street, to an intersection with the west line of North Dayton Street; thence easterly to the intersection of the east line of North Dayton Street with the north line of West Evergreen Avenue; thence east along said north line and said north line extended east, crossing a public alley and North Halsted Street, and passing into Section 4 aforesaid, to an intersection with the southward extension of the east line of North Halsted Street; thence north along said east line, crossing vacated West Evergreen Avenue, vacated West Fair Place, vacated West Blackhawk Street, North Clybourn Avenue and vacated alleys, to the point of beginning, excepting from said tract that part of Section 4 bounded and described as follows:

beginning at the intersection of the east line of North Hudson Avenue with the south line of West Blackhawk Street; thence east along said south line crossing a vacated alley to an intersection with the west line of North Sedgwick Street; thence south along said west line crossing vacated West Schiller Street, West Evergreen Avenue, vacated and public alleys and West Goethe Street, to an intersection with the south line of West Goethe Street; thence west along said south line and along the south line of vacated West Goethe Street, crossing North Hudson Avenue to an intersection with the west line of North Hudson Avenue; thence south along said west line to an intersection with the north line of a 12 foot public alley; thence west along said north line to an intersection with the northwesterly line of the 12 foot public alley lying southeasterly and adjacent to Lots 1 to 6, inclusive, in the subdivision of Lots 18 and 19 in Butterfield's Addition in aforesaid Section 4; thence southwesterly along said

northeastward projection, and said northwesterly line and the southwestward projection thereof, to an intersection with the southeastward projection of the southwesterly line of said Lot 6 in said subdivision; thence northwesterly along said southeastward projection, and said southwesterly line and the northwestward projection thereof, crossing vacated West Goethe Street, to an intersection with the northwesterly line of vacated West Goethe Street (being also the southeasterly line of Lot 24, in the subdivision of Sublots 17 to 27, of Hein's Subdivision of Lots 7 and 20 in Butterfield's Addition to Chicago); thence southwesterly along said southeasterly line to the southwesterly corner of said Lot 24; thence northwesterly along the southwesterly line of said Lot 24 to an intersection with the east line of North Cleveland Avenue; thence north along said east line, crossing public and vacated alleys to an intersection with the south line of West Evergreen Avenue; thence east along said south line to an intersection with the southward projection of the east line of North Hudson Avenue; thence north along said southward projection and along said east line crossing West Evergreen Avenue and vacated West Schiller Street, to the point of beginning, all in the City of Chicago, Cook County, Illinois.

Exhibit "B".

Street Boundary Description Of The Area.

Near North Redevelopment Project Area.

The street boundary description for the Near North Area is an area generally bounded by West Evergreen Avenue, West North Avenue and the C.T.A. right-of-way on the north; North Orleans Street, the C.T.A. right-of-way, North Wells Street and North Sedgwick Street on the east; West Oak Street, West Locust Street and West Chicago Avenue on the south; and North Larrabee Street, North Kingsbury Street, the east seawall of the North Branch Canal of the Chicago River and North Halsted Street on the west. Excluded from these boundaries is an irregularly shaped area generally bounded by West Evergreen Avenue and West Blackhawk Street on the north; North Sedgwick Street and North Hudson Avenue on the east; West Goethe Street and an alley north of North Clybourn Avenue on the south; and North Cleveland Avenue and North Hudson Avenue on the west.

EXHIBIT B-1
Legal Description of the Property

Phase IIA Property Legal Description

PARTS OF LOTS 1 TO 6, INCLUSIVE, PART OF LOT 18, ALL OF LOTS 19 TO 21, INCLUSIVE, PARTS OF LOTS 22 TO 26, INCLUSIVE, TOGETHER WITH PART OF THE VACATED 16 FOOT ALLEY PER DOCUMENT NO. 16414445 IN BLOCK 16 IN ROGERS' SUBDIVISION OF THAT PART LYING WEST OF THE EAST LINE OF SEDGWICK STREET OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF SAID BLOCK 16 AFORESAID, 57.20 FEET NORTH, AS MEASURED ALONG SAID WEST LINE, FROM THE SOUTHWEST CORNER OF SAID BLOCK 16; THENCE NORTH 0 DEGREES 32 MINUTES 13 SECONDS WEST, ALONG THE WEST LINE OF SAID BLOCK 16 AND THE WEST LINE OF SAID LOTS 18 TO 26, A DISTANCE OF 156.27 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 105.28 FEET; THENCE SOUTH 0 DEGREES 00 MINUTES 00 SECONDS EAST, A DISTANCE OF 100.21 FEET; THENCE SOUTH 45 DEGREES 00 MINUTES 00 SECONDS WEST, 7.60 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, 28.96 FEET; THENCE SOUTH 0 DEGREES 00 MINUTES 00 SECONDS EAST, 33.20 FEET; THENCE SOUTH 45 DEGREES 00 MINUTES 00 SECONDS EAST, 6.00 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 31.70 FEET; THENCE NORTH 0 DEGREES 00 MINUTES 00 SECONDS EAST, 27.46 FEET; THENCE NORTH 45 DEGREES 00 MINUTES 00 SECONDS EAST, 11.61 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 67.46 FEET; THENCE NORTH 0 DEGREES 00 MINUTES 00 SECONDS EAST, 27.42 FEET; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS EAST, 30.36 FEET TO A LINE DRAWN 4.00 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF SAID BLOCK 16; THENCE SOUTH 0 DEGREES 31 MINUTES 23 SECONDS EAST, ALONG SAID PARALLEL LINE, 133.06 FEET TO THE SOUTH LINE OF SAID BLOCK 16; THENCE SOUTH 89 DEGREES 52 MINUTES 27 SECONDS WEST, ALONG SAID SOUTH LINE, 155.60 FEET TO A POINT 56.53 FEET EAST, AS MEASURED ALONG SAID SOUTH LINE, FROM THE SOUTHWEST CORNER OF BLOCK 16 AFORESAID; THENCE NORTH 45 DEGREES 00 MINUTES 00 SECONDS WEST, 80.71 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

EXCEPTING THEREFROM ALL BUILDINGS AND IMPROVEMENTS LOCATED, OR TO BE LOCATED AFTER THE DATE OF THE AFORESAID GROUND LEASE, THEREON.

Common Address: 544 W. Oak Street, Chicago, IL
PIN: 17-04-318-031

EXHIBIT B-1 (Continued)
Legal Description of the Property

Phase I Property Legal Description

THE MID-RISE REAL ESTATE

LEASEHOLD ESTATE CREATED BY GROUND LEASE DATED AS OF SEPTEMBER 1, 2006 BETWEEN CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, LANDLORD, AND PARKSIDE OLD TOWN I, LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, TENANT, RECORDED OCTOBER 13, 2006 AS DOCUMENT NUMBER 0628602043, DEMISING AND LEASING FOR A TERM OF 99 YEARS EXPIRING ON AUGUST 31, 2105, THE FOLLOWING DESCRIBED PREMISES, TO WIT:

LOT 1 IN BLOCK 2 AND LOT 1 IN BLOCK 4,

ALL IN PARKSIDE OF OLD TOWN, BEING A RESUBDIVISION AND CONSOLIDATION OF PARTS OF BLOCKS 2 AND 3, AND ALL OF BLOCKS 4 AND 5, AND PARTS OF VACATED ALLEYS LYING WITHIN BLOCK 2 AFORESAID, AND VACATED ALLEYS LYING WITHIN BLOCKS 3, 4 AND 5 AFORESAID, TOGETHER WITH THAT PART OF VACATED ELM STREET LYING SOUTH OF AND ADJOINING BLOCKS 2, 3 AND 5 AFORESAID, AND LYING NORTH OF AND ADJOINING BLOCKS 9, 7 AND 6, AND THAT PART OF VACATED NORTH HUDSON AVENUE LYING WEST OF AND ADJOINING BLOCK 2 AFORESAID, AND LYING EAST OF AND ADJOINING BLOCK 3 AFORESAID, AND LYING NORTH OF THE SOUTH LINE OF WEST ELM STREET, AND LYING SOUTH OF THE SOUTH LINE OF WEST DIVISION STREET AS WIDENED, ALL IN ROGERS' SUBDIVISION OF THAT PART WEST OF THE EAST LINE OF SEDGWICK STREET OF THE NORTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SAID PARKSIDE OF OLD TOWN RECORDED AUGUST 4, 2006 AS DOCUMENT NUMBER 0621632048.

Commonly known as:

511 W. Division Street, Chicago, IL; PIN: 17-04-305-031 [Lot 1 in Block 2]
437 W. Division Street, Chicago, IL; PIN: 17-04-307-030 [Lot 1 in Block 4]

EXHIBIT B-1 (Continued)
Legal Description of the Property

Phase I Property Legal Description

THE TOWNHOMES REAL ESTATE

LEASEHOLD ESTATE CREATED BY GROUND LEASE DATED AS OF SEPTEMBER 1, 2006 BETWEEN CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, LANDLORD, AND PARKSIDE OLD TOWN I, LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, TENANT, RECORDED OCTOBER 13, 2006 AS DOCUMENT NUMBER 0628602044, DEMISING AND LEASING FOR A TERM OF 99 YEARS EXPIRING ON AUGUST 31, 2105, THE FOLLOWING DESCRIBED PREMISES, TO WIT:

LOTS 3 TO 10 INCLUSIVE, AND LOTS 12 TO 26, INCLUSIVE, IN BLOCK 2, LOTS 3 TO 9, INCLUSIVE, AND LOTS 19 TO 26, INCLUSIVE, IN BLOCK 3, LOTS 5 TO 22, INCLUSIVE, IN BLOCK 4,

ALL IN PARKSIDE OF OLD TOWN, BEING A RESUBDIVISION AND CONSOLIDATION OF PARTS OF BLOCKS 2 AND 3, AND ALL OF BLOCKS 4 AND 5, AND PARTS OF VACATED ALLEYS LYING WITHIN BLOCK 2 AFORESAID, AND VACATED ALLEYS LYING WITHIN BLOCKS 3, 4 AND 5 AFORESAID, TOGETHER WITH THAT PART OF VACATED ELM STREET LYING SOUTH OF AND ADJOINING BLOCKS 2, 3 AND 5 AFORESAID, AND LYING NORTH OF AND ADJOINING BLOCKS 9, 7 AND 6, AND THAT PART OF VACATED NORTH HUDSON AVENUE LYING WEST OF AND ADJOINING BLOCK 2 AFORESAID, AND LYING EAST OF AND ADJOINING BLOCK 3 AFORESAID, AND LYING NORTH OF THE SOUTH LINE OF WEST ELM STREET, AND LYING SOUTH OF THE SOUTH LINE OF WEST DIVISION STREET AS WIDENED, ALL IN ROGERS' SUBDIVISION OF THAT PART WEST OF THE EAST LINE OF SEDGWICK STREET OF THE NORTHEAST ¼ OF THE SOUTHWEST ¼ OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SAID PARKSIDE OF OLD TOWN RECORDED AUGUST 4, 2006 AS DOCUMENT NO: 0621632048.

Commonly known as:

1152 N. Cleveland Avenue, Chicago, IL; 17-04-305-033-040 [Lots 3-10 in Block 2]

1141-1153 N. Cambridge Avenue, Chicago, IL; 17-04-305-042-048 [Lots 12-18 in Block 2]

500-514 W. Elm Street, Chicago, IL; 17-04-305-049-055; 17-04-305-057-4023 [Lots 19-26 in Block 2]

1142-54 N. Hudson Street, Chicago, IL; 17-04-306-032-038 [Lots 3-9 in Block 3]

462-476 W. Elm Street, Chicago, IL; 17-04-306-048-055 [Lots 19-26 in Block 3]

1151 N. Hudson Avenue, Chicago, IL; 17-04-307-034-038 [Lots 5-9 in Block 4]

426-450 W. Elm Street, Chicago, IL; 17-04-307-039-051 [Lots 10-22 in Block 4]

EXHIBIT B-1 (Continued)
Legal Description of the Property

Phase I Property Legal Description

LEASEHOLD ESTATE CREATED BY GROUND LEASE DATED AS OF AUGUST 1, 2007 BETWEEN THE CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, LANDLORD, AND CABRINI GREEN LAC COMMUNITY DEVELOPMENT CORPORATION, AN ILLINOIS NOT FOR PROFIT CORPORATION, TENANT, RECORDED AUGUST 15, 2007 AS DOCUMENT NUMBER 0722726076, AND ASSIGNED TO PARKSIDE NINE PHASE I, L.P., AN ILLINOIS LIMITED PARTNERSHIP AND AMENDED BY ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF GROUND LEASE BY AND AMONG CABRINI GREEN LAC COMMUNITY DEVELOPMENT CORPORATION, AN ILLINOIS NOT FOR PROFIT CORPORATION, PARKSIDE NINE PHASE I, L.P., AN ILLINOIS LIMITED PARTNERSHIP AND THE CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, DATED AUGUST 1, 2007 AND RECORDED AUGUST 15, 2007 AS DOCUMENT NUMBER 0722726077, DEMISING AND LEASING FOR A TERM OF 99 YEARS EXPIRING ON JULY 31, 2106, THE FOLLOWING DESCRIBED PREMISES, TO WIT:

LOT 2 IN BLOCK 1

IN PARKSIDE OF OLD TOWN, BEING A RESUBDIVISION AND CONSOLIDATION OF PARTS OF BLOCKS 2 AND 3, AND ALL OF BLOCKS 4 AND 5, AND PARTS OF VACATED ALLEYS LYING WITHIN BLOCK 2 AFORESAID, AND VACATED ALLEYS LYING WITHIN BLOCKS 3, 4 AND 5 AFORESAID, TOGETHER WITH THAT PART OF VACATED ELM STREET LYING SOUTH OF AND ADJOINING BLOCKS 2, 3 AND 5 AFORESAID, AND LYING NORTH OF AND ADJOINING BLOCKS 9, 7 AND 6, AND THAT PART OF VACATED NORTH HUDSON AVENUE LYING WEST OF AND ADJOINING BLOCK 2 AFORESAID, AND LYING EAST OF AND ADJOINING BLOCK 3 AFORESAID, AND LYING NORTH OF THE SOUTH LINE OF WEST ELM STREET, AND LYING SOUTH OF THE SOUTH LINE OF WEST DIVISION STREET AS WIDENED, ALL IN ROGERS' SUBDIVISION OF THAT PART WEST OF THE EAST LINE OF SEDGWICK STREET OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT OF SAID PARKSIDE OF OLD TOWN RECORDED AUGUST 4, 2006 AS DOCUMENT NUMBER 0621632048.

ADDRESS COMMONLY KNOWN AS: 545 W. Division Street, Chicago, Illinois

PERMANENT INDEX NO.: 17-04-304-027

**EXHIBIT C-1
Project Budget**

See attached.

COOK COUNTY
RECORDER OF DEEDS
SCANNED BY _____

COOK COUNTY
RECORDER OF DEEDS
SCANNED BY _____

TOTAL DEVELOPMENT BUDGET: PARKSIDE - RENTAL-PHASE 2A

	PHASE 2A	TIF Eligible Costs	PHASE 2A Eligible Basis LIHTC	Per Unit Cost Phase 2A
	112		77.68%	
HARD COSTS RESIDENTIAL :				
Site work: residential			\$ -	\$ -
Construction: residential	\$ 28,750,609	\$ 11,165,531	\$ 26,760,609	\$ 266,702
Contingency: residential 5%	\$ 1,437,530	\$ 558,327	\$ 359,383	\$ 12,835
TOTAL HARD COSTS RESIDENTIAL :	\$ 30,188,139	\$ 11,724,858	\$ 27,109,992	\$ 269,537
SOFT COSTS:				
<u>Professional Services:</u>				
Architect - Master Plan	\$ 334,891		\$ 334,891	\$ 2,990
Architect - Design, Permit Process	\$ 539,459		\$ 539,459	\$ 4,817
Architect - Supervision	\$ 60,000		\$ 60,000	\$ 536
Architect - Misc.	\$ 35,000		\$ 35,000	\$ 313
Architect - Engineer	\$ -		\$ -	\$ -
Engineer - Misc.	\$ -		\$ -	\$ -
Part 2 Fee - New City Code	\$ 35,175		\$ 35,175	\$ 314
Sidewalks	\$ 75,000		\$ 75,000	\$ 670
Winter Conditions	\$ 271,000		\$ 271,000	\$ 2,420
Private Utilities	\$ 300,000		\$ 300,000	\$ 2,679
Utility Relocation	\$ 1,175,130	\$ 500,000	\$ 1,175,130	\$ 10,492
Concrete, Rebar and Masonry Testing	\$ 85,000		\$ 85,000	\$ 759
Soil Testing / Geotechnical	\$ 3,870		\$ 3,870	\$ 35
Legal Fees - Partnership	\$ 310,000		\$ 62,000	\$ 2,768
Legal Fees - Syndicator	\$ 160,000		\$ -	\$ 1,429
Legal Fees - Lender (CHA)	\$ 192,000		\$ -	\$ 1,714
Legal Fees - Zoning	\$ 15,000		\$ -	\$ 134
Consultant - TIF	\$ -		\$ -	\$ -
Consultant - HOPE VI	\$ -		\$ -	\$ -
Accounting	\$ 80,000		\$ -	\$ 714
Market Study/Appraisal	\$ 25,000		\$ 25,000	\$ 223
Survey/Plat of Subdivision	\$ 45,000		\$ 45,000	\$ 402
Environmental Reports	\$ 5,000		\$ 5,000	\$ 45
Construction Period Taxes	\$ 200,000		\$ 200,000	\$ 1,786
Construction Period Insurance	\$ 250,000		\$ 250,000	\$ 2,232
Real Estate Tax Escrow	\$ 80,000		\$ -	\$ 714
Insurance Escrow	\$ 70,000		\$ -	\$ 625
Title & Recording	\$ 50,000		\$ 50,000	\$ 446
Lender's Fees- 1st Mortgage	\$ 203,000		\$ -	\$ 1,813
Equity Bridge Loan Interest	\$ 1,200,000		\$ 840,000	\$ 10,714
Tax Credit Fees	\$ 122,500		\$ -	\$ 1,094
Permit/Application Fees	\$ 121,825		\$ 121,825	\$ 1,088
Marketing and Leasing	\$ 190,000		\$ -	\$ 1,696
Bridge Lender Fees	\$ 230,000		\$ -	\$ 2,054
Construction Period Carry Costs	\$ 90,000		\$ 90,000	\$ 804
TIF Financing Costs	\$ 296,483			\$ 2,647
PH Unit Rent Reserve	\$ -		\$ -	\$ -
Lease-Up Reserve	\$ 450,000		\$ -	\$ 4,018
Operating Reserve	\$ 1,000,000		\$ -	\$ 8,929
Developer Fee	\$ 3,132,858		\$ 3,132,858	\$ 27,972
TOTAL SOFT COSTS	\$ 11,433,191	\$ 500,000	\$ 7,736,208	\$ 102,082
USES OF FUNDS: TOTAL Residential	\$ 41,621,330	\$ 12,224,858	\$ 34,846,200	\$ 371,619
DEVELOPMENT COSTS COMMERCIAL				
Commercial Space - soft costs	\$ 100,000		\$ -	\$ 100,000
TOTAL DEVELOPMENT COSTS COMMERCIAL:	\$ 100,000		\$ -	\$ 100,000
TOTAL DEVELOPMENT COST	\$ 41,721,330			

**EXHIBIT C-2
Construction (MBE/WBE) Budget**

See attached.

**COOK COUNTY
RECORDER OF DEEDS
SCANNED BY _____**

**COOK COUNTY
RECORDER OF DEEDS
SCANNED BY _____**

Exhibit C-2
M/WBE Eligible Costs

Hard Costs

New Construction (excluding contingency)	\$28,750,609.00
Total	\$28,750,609.00

Soft Costs

Utility Relocation and Private Utilities	\$1,475,130.00
Professional Fees (arch, eng, concrete testing, etc).	\$1,054,350.00
Total	\$2,529,480.00

Total MBE/WBE Eligible Costs	\$31,280,089.00	\$549,870.00
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Minimum Contract Amount to MBE Contractors (24%)	\$7,507,221.36
Minimum Contract Amount to MBE Contractors (4%)	\$1,251,203.56

The above MBE/WBE dollar values are an estimate. If the actual cost of the above applicable MBE/WBE activities increase, the associated MBE/WBE dollar values will increase accordingly.

EXHIBIT D
TIF-Funded Improvements

ELIGIBLE COST	AMOUNT	TIF- ELIGIBLE	PERCENTAGE TIF- ELIGIBLE
Construction residential -	\$28,750,609	\$11,166,531	50% Eligible Cost for CHA & LIHTC Units
Contingency: hard costs	\$1,437,530	\$558,327	50% Eligible Cost for CHA & LIHTC Units
Winter Conditions	\$271,000	\$135,500	50% Eligible Cost for CHA and LIHTC Units
Utility Relocation	\$1,175,130	\$700,000	100% of Cost for Work in Public Way
Total	\$31,634,269	\$12,560,358	

The Commissioner shall have authority to consent to adjustments between the line items set forth above and to consent to additional TIF-Funded Improvement redevelopment project costs within other categories authorized under the Act.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2010

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

C O N T E N T S

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BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

O'HARE PLAZA

8745 WEST HIGGINS ROAD, SUITE 200

CHICAGO, ILLINOIS 60631

AREA CODE 312 263.2700

INDEPENDENT AUDITOR'S REPORT

The Honorable Rahm Emanuel, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited the accompanying financial statements of the Near North Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Near North Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Near North Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2010, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Rahm Emanuel, Mayor
Members of the City Council

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Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures by statutory code on page 14, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the financial statements of Near North Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bonsley and Kiener, L.L.P.

Certified Public Accountants

June 20, 2011

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Near North Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2010. Please read it in conjunction with the Project's financial statements, which follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Project's basic financial statements. The Project's basic financial statements include three components: 1) government-wide financial statements, 2) governmental fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information concerning the Project's expenditures by statutory code.

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Project – the *Government-Wide Financial Statements* and the *Governmental Fund Financial Statements*. These financial statements also include the notes to the financial statements that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The government-wide financial statements provide both long-term and short-term information about the Project's financial status and use accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the project's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Project's net assets and how they have changed. Net assets – the difference between the Project's assets and liabilities – is one way to measure the Project's financial health, or position.

Governmental Fund Financial Statements

The governmental fund financial statements provide more detailed information about the Project's significant funds – not the Project as a whole. Governmental funds focus on: 1) how cash and other financial assets can readily be converted to cash flows and 2) the year-end balances that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more financial resources that can be spent in the near future to finance the Project. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the statements to explain the relationship (or differences) between them.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements follow the basic financial statements.

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents a schedule of expenditures by statutory code. This supplementary information follows the notes to the financial statements.

Condensed Comparative Financial Statements

The condensed comparative financial statements are presented on the following page.

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$16,469,791 for the year. This was an increase of 1 percent from the prior year. The change in net assets produced an increase in net assets of \$6,574,520. The Project's net assets increased by 37 percent from the prior year making available \$15,395,961 (net of surplus distribution) of funding to be provided for purposes of future redevelopment in the Project's designated area. Expenses increased this year due to the Project's formulation of a redevelopment plan or necessary funding was substantially complete and available.

Debt Administration

Tax Increment Allocation Bonds outstanding at December 31, 2010 amounted to \$44,900,000. More detailed information about the Project's long-term liabilities is presented in Note 2 of the financial statements.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Concluded)

Government-Wide

	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 78,524,941	\$ 66,193,313	\$ 12,331,628	19%
Total liabilities	<u>54,128,980</u>	<u>48,371,872</u>	<u>5,757,108</u>	12%
Total net assets	<u>\$ 24,395,961</u>	<u>\$ 17,821,441</u>	<u>\$ 6,574,520</u>	37%
Total revenues	\$ 16,500,401	\$ 16,450,853	\$ 49,548	-%
Total expenses	<u>9,925,881</u>	<u>4,918,087</u>	<u>5,007,794</u>	102%
Operating transfers out	<u>-</u>	<u>2,453,356</u>	<u>(2,453,356)</u>	-100%
Changes in net assets	<u>6,574,520</u>	<u>9,079,410</u>	<u>(2,504,890)</u>	-28%
Ending net assets	<u>\$ 24,395,961</u>	<u>\$ 17,821,441</u>	<u>\$ 6,574,520</u>	37%

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2010

<u>ASSETS AND DEFERRED OUTFLOWS</u>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 53,927,820	\$ -	\$ 53,927,820
Property taxes receivable	17,267,000	-	17,267,000
Accrued interest receivable	27,878	-	27,878
Deferred outflows (Note 2)	-	7,302,243	7,302,243
Total assets and deferred outflows	<u>\$ 71,222,698</u>	<u>\$ 7,302,243</u>	<u>\$ 78,524,941</u>
<u>LIABILITIES</u>			
Vouchers payable	\$ 1,473,752	\$ -	\$ 1,473,752
Due to other City funds	276,481	-	276,481
Accrued interest payable	176,504	-	176,504
Deferred revenue	15,078,746	(15,078,746)	-
Bonds payable (Note 2):			
Due within one year	2,900,000	-	2,900,000
Due after one year	-	42,000,000	42,000,000
Derivative instrument liability (Note 2)	-	7,302,243	7,302,243
Total liabilities	<u>19,905,483</u>	<u>34,223,497</u>	<u>54,128,980</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Reserved for surplus distribution (Note 3)	9,000,000	(9,000,000)	-
Reserved for debt service	11,970,538	(11,970,538)	-
Designated for future redevelopment project costs	30,346,677	(30,346,677)	-
Total fund balance	<u>51,317,215</u>	<u>(51,317,215)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 71,222,698</u>		
Net assets (deficiency):			
Restricted for surplus distribution (Note 3)		9,000,000	9,000,000
Restricted for debt service		27,049,284	27,049,284
Restricted for future redevelopment project costs		(11,653,323)	(11,653,323)
Total net assets		<u>\$ 24,395,961</u>	<u>\$ 24,395,961</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balance - governmental funds	\$ 51,317,215
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	15,078,746
Long-term liabilities applicable to the Project's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities are reported in the statement of net assets.	<u>(42,000,000)</u>
Total net assets - governmental activities	<u>\$ 24,395,961</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 15,362,269	\$ 1,107,522	\$ 16,469,791
Interest	30,610	-	30,610
	<u>15,392,879</u>	<u>1,107,522</u>	<u>16,500,401</u>
Total revenues			
Expenditures/expenses:			
Economic development projects	7,205,263	-	7,205,263
Debt service:			
Principal retirement	2,900,000	(2,900,000)	-
Interest	2,720,618	-	2,720,618
	<u>12,825,881</u>	<u>(2,900,000)</u>	<u>9,925,881</u>
Total expenditures/expenses			
Excess of revenues over expenditures	2,566,998	(2,566,998)	-
Change in net assets	-	6,574,520	6,574,520
Fund balance/net assets:			
Beginning of year	<u>48,750,217</u>	<u>(30,928,776)</u>	<u>17,821,441</u>
End of year	<u>\$ 51,317,215</u>	<u>\$ (26,921,254)</u>	<u>\$ 24,395,961</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - governmental funds	\$ 2,566,998
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	1,107,522
Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For governmental activities, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	<u>2,900,000</u>
Change in net assets - governmental activities	<u>\$ 6,574,520</u>

The accompanying notes are an integral part of the financial statements.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In July 1997, the City of Chicago (City) established the Near North Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the capital projects, debt service and special revenue funds of the City.

(b) *Government-Wide and Fund Financial Statements*

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB unanimously approved Statement No. 34 (as amended by Statement No. 37), *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* and at a later date, Statement No. 38 *Certain Financial Statements Disclosures*, and include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Project's overall financial position and results of operations.
- Government-wide financial statements prepared using the economic resources measurement focus and the *accrual basis of accounting* for all the Project's activities.
- Fund financial statements, which focus on the Project's governmental funds *current financial resources measurement focus*.

(c) *Measurement Focus, Basis of Accounting and Financial Statements Presentation*

The government-wide financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

The governmental fund financial statements are prepared on the *modified accrual basis of accounting* with only current assets and liabilities included on the balance sheet. Under *the modified accrual basis of accounting*, revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Concluded)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

(d) *Assets, Liabilities and Net Assets*

Cash and Investments

Cash belonging to the City is generally deposited with the City Treasurer as required by the Municipal Code of Chicago. The City Comptroller issues warrants for authorized City expenditures which represent a claim for payment when presented to the City Treasurer. Payment for all City warrants clearing is made by checks drawn on the City's various operating bank accounts.

The City Treasurer and City Comptroller share responsibility for investing in authorized investments. Interest earned on pooled investments is allocated to participating funds based upon their average combined cash and investment balances.

The City values its investments at fair value or amortized cost. U.S. Government securities purchased at a price other than par with a maturity of less than one year are reported at amortized cost.

Capital Assets

Capital assets are not capitalized in the governmental funds but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) of the City includes the capital assets and related depreciation, if any, of the Project in which ownership of the capital asset will remain with the City (i.e. infrastructure, or municipal building). All other construction will be expensed in both the government-wide financial statements and the governmental funds as the City nor Project will retain the right of ownership.

(e) *Stewardship, Compliance and Accountability*

Illinois Tax Increment Redevelopment Allocation Act Compliance

The Project's expenditures include reimbursements for various eligible costs as described in subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Redevelopment Allocation Act and the Redevelopment Agreement relating specifically to the Project. Eligible costs include but are not limited to survey, property assembly, rehabilitation, public infrastructure, financing and relocation costs.

Reimbursements

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection. The semi-annual principal and interest payments are made solely from incremental real property taxes, which are paid in the redevelopment district.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Bonds Payable

In August 1999, the City issued \$55,000,000 of Near North Redevelopment Project Tax Increment Allocation Revenue Bonds, Series 1999A and B (Taxable). The bonds have maturity dates ranging from January 1, 2003 to January 1, 2019. At the discretion of the City, the bonds may bear interest at a daily, weekly, flexible, adjustable long or fixed rate. The bonds were issued in the weekly rate. Remarketing and letter of credit fees are included in interest expense. Net proceeds of \$53,800,000 were used to finance certain project costs in the Near North Redevelopment Project Area (\$43,200,000) and to fund the debt service and related reserve accounts (\$10,600,000). In 2010, the Series B (Taxable) bonds had fully matured.

The City has entered into interest rate swap agreements to obtain a fixed interest rate of 5.084 percent for the Series A and 6.89 percent for the Series B (Taxable). The swaps were approved by the City Council and are effective from September 1, 1999 until January 1, 2019 for Series A and January 1, 2010 for Series B (Taxable) and the initial notional amount totals \$55,000,000.

Long-term liability activity for the year ended December 31, 2010 was as follows:

Beginning balance	\$47,900,000
Additions	-
Reductions	<u>(3,000,000)</u>
Ending balance	<u>\$44,900,000</u>
Amounts due within one year	<u>\$ 2,900,000</u>

The aggregate maturities of the bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Series 1999A</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 2,900,000	\$ 2,135,280
2012	3,100,000	1,977,676
2013	3,300,000	1,809,904
2014	4,200,000	1,596,376
2015	4,400,000	1,372,680
2016-2019	<u>27,000,000</u>	<u>2,496,244</u>
Total	<u>\$44,900,000</u>	<u>\$11,388,160</u>

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Bonds Payable (Continued)

Derivatives – Pay-Fixed, Receive-Variable Interest Rate Swaps

Objective of the swaps. In order to protect against the potential of rising interest rates, the City has entered into two separate pay-fixed, receive-variable interest rate swaps at a cost less than what the City would have paid to issue fixed-rate debt.

	<u>Changes in Fair Value</u>		<u>Fair Value at December 31, 2010</u>		<u>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Governmental Activities					
Cash Flow Hedges:					
Pay-fixed Interest Rate SWAPS	Deferred Outflow of Resources	<u>\$ (257,243)</u>	Deferred Outflow of Resources	<u>\$ (7,302,243)</u>	<u>\$ 44,900,000</u>

Terms, fair values and credit risk. The terms, including the fair values and credit ratings of the outstanding swaps as of December 31, 2010, are as follows. The notional amounts of the swaps match the principal amounts of the associated debt. The City's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable. Under the swaps, the City pays Bank of America (the counterparty) a fixed payment and receives a variable payment computed according to the London Interbank Offered Rate (LIBOR) and/or The Securities Industry and Financial Markets Association Municipal Swap Index (SIFMA):

<u>Associated Bond Issue</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Fixed Rate Paid</u>	<u>Variable Rate Received</u>	<u>Fair Value</u>	<u>Swap Termi- nation Date</u>	<u>Counter- party Credit Rating</u>
Tax Increment Allocation Bonds (Near North TIF, Series 1999A).....	<u>\$ 44,900,000</u>	9/1/1999	5.084	67% 1 Mo. LIBOR	<u>\$ (7,302,243)</u>	1/1/2019	Aa3/A+

Fair Value. As of December 31, 2010, the swaps had a negative fair value of \$7,302,243. As per industry convention, the fair values of the City's outstanding swaps were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the forward rates implied by the yield curve correctly anticipate future spot rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. Because interest rates are below the Fixed Rate Paid, the City's swaps had negative values.

Credit Risk. The City is exposed to credit risk (counterparty risk) through the counterparties with which it enters into agreements. If minimum credit rating requirements are not maintained, the counterparty is required to post collateral to a third party. This protects the City by mitigating the credit risk, and therefore the ability to pay a termination payment, inherent in a swap. Collateral on all swaps is to be in the form of cash or Eligible Collateral held by a third-party custodian. Upon credit events, the swaps also allow transfers, credit support and termination if the counterparty is unable to meet the said credit requirements.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Bonds Payable (Concluded)

Basis Risk. Basis risk refers to the mismatch between the variable rate payments received on a swap contract and the interest payment actually owed on the bonds. The two significant components driving this risk are credit and SIFMA/LIBOR ratios. Credit may create basis risk because the City's bonds may trade differently than the swap index as a result of a credit change in the City. SIFMA/LIBOR ratios (or spreads) may create basis risk. With percentage of LIBOR swaps, if the City's bonds trade at a higher percentage of LIBOR over the index received on the swap, basis risk is created. This can occur due to many factors including, without limitation, changes in marginal tax rates, tax-exempt status of bonds, and supply and demand for variable rate bonds. The City is exposed to basis risk on all swaps except those that are based on Cost of Funds, which provide cash flows that mirror those of the underlying bonds. For all other swaps, if the rate paid on the bonds is higher than the rate received, the City is liable for the difference. The difference would need to be available on the debt service payment date and it would add additional underlying cost to the transaction.

Tax Risk. The swap exposes the City to tax risk or a permanent mismatch (shortfall) between the floating rate received on the swap and the variable rate paid on the underlying variable-rate bonds due to tax law changes such that the federal or state tax exemption of municipal debt is eliminated or its value reduced. There have been no tax law changes since the execution of the City's swap transactions.

Termination Risk. The risk that the swap could be terminated as a result of certain events including a ratings downgrade for the issuer or swap counterparty, covenant violation, bankruptcy, payment default or other defined events of default. Termination of a swap may result in a payment made by the issuer or to the issuer depending upon the market at the time of termination.

Swap payments and associated debt. Bonds maturing and interest payable January 1, 2011 have been excluded because funds for their payment have been provided for. As of December 31, 2010, debt service requirements of the City's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term are as follows:

Year Ending	Variable-Rate Bonds		Interest	Total
	Principal	Interest	Rate Swaps, Net	
December 31,				
2011.....	\$ 3,100,000	\$ 134,400	\$ 2,135,280	\$ 5,369,680
2012.....	3,300,000	124,480	1,977,676	5,402,156
2013.....	4,200,000	113,920	1,809,904	6,123,824
2014.....	4,400,000	100,480	1,596,376	6,096,856
2015.....	4,700,000	86,400	1,372,680	6,159,080
2016 - 2018.....	22,300,000	157,120	2,496,244	24,953,364
	<u>\$42,000,000</u>	<u>\$ 716,800</u>	<u>\$11,388,160</u>	<u>\$ 54,104,960</u>

Note 3 – Surplus Distribution

In December 2010, the City declared a surplus within the fund balance of the Project in the amount of \$9,000,000. In June 2011, the surplus funds were sent to the Cook County Treasurer's Office to be redistributed to the various taxing agencies.

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 4 – Commitments

The City has pledged certain amounts solely from available excess incremental taxes to provide financial assistance to a developer under the terms of a redevelopment agreement for the purpose of paying costs of certain eligible redevelopment project costs.

As of December 31, 2010 the Project has entered into contracts for approximately \$308,000 for services and construction projects.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
NEAR NORTH REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 463,213
Costs of property assembly, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land	5,746,994
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	160,875
Costs of the construction of public works or improvements	834,181
Costs of financing, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto	<u>5,620,618</u>
	<u><u>\$12,825,881</u></u>



BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1922

O'HARE PLAZA 8745 WEST HIGGINS ROAD SUITE 200 CHICAGO, ILLINOIS 60631 312.263.2700 FAX 312.263.6935 WWW.BK-CPA.COMINDEPENDENT AUDITOR'S REPORT

The Honorable Rahm Emanuel, Mayor
Members of the City Council
City of Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net assets and governmental funds balance sheet of Near North Redevelopment Project of the City of Chicago, Illinois as of December 31, 2010, and the related statement of activities and governmental funds revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated June 20, 2011.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the Near North Redevelopment Project of the City of Chicago, Illinois.

This report is intended for the information of the City of Chicago's management. However, this report is a matter of public record, and its distribution is not limited.

Bansley and Kiener, L.L.P.

Certified Public Accountants

June 20, 2011

INTERGOVERNMENTAL AGREEMENTS

A list of all intergovernmental agreements in effect in FY 2010 to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)]

Name of Agreement	Description of Agreement	Amount Transferred Out	Amount Received
None			

Near North Redevelopment Project Area 2010 Annual Report

