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**2013 Annual Report**  
**35<sup>th</sup>/State**  
**Redevelopment Project Area**

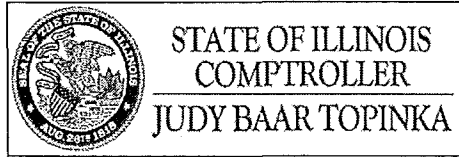


**Pursuant to 65 ILCS 5/11-74.4-5(d)**

*JUNE 30, 2014*

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FY 2013  
ANNUAL TAX INCREMENT FINANCE  
REPORT



Name of Municipality: City of Chicago Reporting Fiscal Year: 2013  
 County: Cook Fiscal Year End: 12 /31/2013  
 Unit Code: 016/620/30

**TIF Administrator Contact Information**

First Name: Andrew J. Last Name: Mooney  
 Address: City Hall, 121 N. LaSalle Title: Administrator  
 Telephone: (312) 744 0025 City: Chicago, IL Zip: 60602  
 Mobile: n/a E-mail: \_\_\_\_\_  
 Mobile: \_\_\_\_\_ Best way to  Email \_\_\_\_\_ Phone \_\_\_\_\_  
 Provider: n/a contact  Mobile  Mail

I attest to the best of my knowledge, this report of the redevelopment project areas in: City/Village of \_\_\_\_\_  
 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.]  
 \_\_\_\_\_ 6.24.14  
 Written signature of TIF Administrator Date

**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
51st/Lake Park	11/15/2012	12/31/2036

\*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.]

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

Reporting Fiscal Year: 2013  
 Fiscal Year End: 12 / 31 / 2013

53rd Street	1/10/2001	12/31/2025
60th and Western	5/9/1996	5/9/2019
63rd/Ashland	3/29/2006	12/31/2030
63rd/Pulaski	5/17/2000	12/31/2024
67th/Cicero	10/2/2002	12/31/2026
67th/Wentworth	5/4/2011	12/31/2035
69th/Ashland	11/3/2004	12/31/2028
71st and Stony Island	10/7/1998	10/7/2021
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
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
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

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

Reporting Fiscal Year: 2013  
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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
Drexel Boulevard	7/10/2002	12/31/2026
Edgewater/ Ashland	10/1/2003	12/31/2027
Elston/Armstrong Industrial Corridor	7/19/2007	12/31/2031
Englewood Mall	11/29/1989	12/31/2013
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	12/31/2018
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-Arthington	2/5/1998	2/5/2021
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
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	12/31/2018
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
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

Name of Municipality: Chicago  
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Reporting Fiscal Year: 2013  
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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	12/31/2015
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	12/31/2034
Touhy/Western	9/13/2006	12/31/2030
Weed/Fremont	1/8/2008	12/31/2032
West Irving Park	1/12/2000	12/31/2024
West Pullman Industrial Park	3/11/1998	3/11/2021
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



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

<b>Name of Redevelopment Project Area: 35th/State Redevelopment Project Area</b>	
<b>Primary Use of Redevelopment Project Area*: Combination/Mixed</b>	
<b>If "Combination/Mixed" List Component Types: Commercial/Institutional/Residential/Public-Community Facilities</b>	
<b>Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):</b>	
<b>Tax Increment Allocation Redevelopment Act</b> <input checked="" type="checkbox"/>	<b>Industrial Jobs Recovery Law</b> <input type="checkbox"/>

	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)] <b>If yes, please enclose the amendment labeled Attachment A</b>	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)] <b>Please enclose the CEO Certification labeled Attachment B</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)] <b>Please enclose the Legal Counsel Opinion labeled Attachment C</b>		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)] <b>If yes, please enclose the Activities Statement labeled Attachment D</b>		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)] <b>If yes, please enclose the Agreement(s) labeled Attachment E</b>	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)] <b>If yes, please enclose the Additional Information labeled Attachment F</b>	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)] <b>If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G</b>	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)] <b>If yes, please enclose the Joint Review Board Report labeled Attachment H</b>	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)] <b>If yes, please enclose the Official Statement labeled Attachment I</b>	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)] <b>If yes, please enclose the Analysis labeled Attachment J</b>	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) <b>If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K</b>		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)] <b>If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L</b>		X
A list of all intergovernmental agreements in effect in FY 2013, 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)] <b>If yes, please enclose list only of the intergovernmental agreements labeled Attachment M</b>	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.**

**FY 2013**

**TIF NAME:** 35th/State Redevelopment Project Area

Fund Balance at Beginning of Reporting Period \$ 2,182,315

<b>Revenue/Cash Receipts Deposited in Fund During Reporting FY:</b>	<b>Reporting Year</b>	<b>Cumulative*</b>	<b>% of Total</b>
Property Tax Increment	1,348,284	\$ 7,629,669	99%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	5,577	59,695	1%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers from Municipal Sources			0%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

\*must be completed where 'Reporting Year' is populated

**Total Amount Deposited in Special Tax Allocation Fund During Reporting Period** 1,353,861

**Cumulative Total Revenues/Cash Receipts** \$ 7,689,364 100%

**Total Expenditures/Cash Disbursements** (Carried forward from Section 3.2) 919,304

**Distribution of Surplus** -

**Total Expenditures/Disbursements** 919,304

**NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS** 434,557

**FUND BALANCE, END OF REPORTING PERIOD\*** \$ 2,616,872

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

**Total Amount Designated** (Carried forward from Section 3.3) \$ 2,616,872



**SECTION 3.2 A- (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))**

FY 2013

TIF NAME: 35th/State Redevelopment Project Area

**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**

<b>Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]</b>	<b>Amounts</b>	<b>Reporting Fiscal Year</b>
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)	35,678	
		\$ 35,678
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)	622,601	
		\$ 622,601
4. Costs of rehabilitation, reconstruction, repair or remodeling of existing public or private buildings. Subsection (q)(3) and (o)(4)		
		\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)		
		\$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

SECTION 3.2 A

PAGE 2

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)

\$

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)

\$

**SECTION 3.2 A**

**PAGE 3**

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		
	261,025	
		\$ 261,025
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
<b>TOTAL ITEMIZED EXPENDITURES</b>		\$ 919,304

**Section 3.2 B**

**FY 2013**

**TIF NAME:** 35th/State Redevelopment Project Area

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

<b>Name</b>	<b>Service</b>	<b>Amount</b>
City Staff Costs <sup>1</sup>	Administration	\$27,373
Townsend Chicago LLC	Development	\$622,601
Park Boulevard LLC	Development	\$261,025

<sup>1</sup> 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**

**FY 2013**

**TIF NAME:** 35th/State Redevelopment Project Area

**FUND BALANCE, END OF REPORTING PERIOD** \$ 2,616,872

	Amount of Original Issuance	Amount Designated
<b>1. Description of Debt Obligations</b>		
Restricted for debt service	\$ -	\$ -

**Total Amount Designated for Obligations** \$ - \$ -

<b>2. Description of Project Costs to be Paid</b>		
Restricted for future redevelopment project costs		\$ 2,616,872

**Total Amount Designated for Project Costs** \$ 2,616,872

**TOTAL AMOUNT DESIGNATED** \$ 2,616,872

**SURPLUS\*/(DEFICIT)** \$ -

\* NOTE: If a surplus is calculated, the municipality may be required to repay the amount to overlapping taxing districts (See instructions and statutes)

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

**FY 2013**

**TIF NAME: 35th/State Redevelopment Project Area**

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)

PAGE 1

FY 2013

TIF NAME: 35th/State Redevelopment Project Area

SECTION 5 PROVIDES PAGES 1-3 TO ACCOMMODATE UP TO 25 PROJECTS. PAGE 1 MUST BE INCLUDED WITH TIF REPORT. PAGES 2-3 SHOULD BE INCLUDED IF PROJECTS ARE LISTED ON THESE PAGES

Check here if NO projects were undertaken by the Municipality Within the Redevelopment Project Area: _____			
ENTER total number of projects undertaken by the Municipality Within the Redevelopment Project Area and list them in detail below*.			<u>3</u>
<b>TOTAL:</b>	<b>11/1/99 to Date</b>	<b>Estimated Investment for Subsequent Fiscal Year</b>	<b>Total Estimated to Complete Project</b>
Private Investment Undertaken	\$ -	\$ -	\$ 136,400,280
Public Investment Undertaken	\$ 4,225,424	\$ 4,111,822	\$ 26,790,000
Ratio of Private/Public Investment	0		5 1/11

<b>Project 1:</b>			
<b>Park Boulevard RDA</b>	Project is Ongoing ***		
Private Investment Undertaken			\$ 62,222,816
Public Investment Undertaken	\$ 1,427,683	\$ 636,848	\$ 8,390,000
Ratio of Private/Public Investment	0		7 5/12

<b>Project 2:</b>			
<b>IIT</b>	Project is Ongoing ***		
Private Investment Undertaken			\$ 38,146,364
Public Investment Undertaken	\$ 2,797,741	\$ 974,973	\$ 13,400,000
Ratio of Private/Public Investment	0		2 11/13

<b>Project 3:</b>			
<b>Stateway Gardens Phase 2 Park Blvd</b>	Project is Ongoing ***		
Private Investment Undertaken			\$ 36,031,100
Public Investment Undertaken	\$ -	\$ 2,500,000	\$ 5,000,000
Ratio of Private/Public Investment	0		7 20/97

<b>Project 4:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 5:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 6:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 7:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 8:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 9:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 10:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 11:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

<b>Project 12:</b>			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

\*\*\* 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.

### 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.



Optional: Information in the following sections is not required by law, but would be helpful in evaluating the performance of TIF in Illinois.

**SECTION 6**

FY 2013

**TIF NAME:** 35th/State Redevelopment Project Area

Provide the base EAV (at the time of designation) and the EAV for the year reported for the redevelopment project area

**Year redevelopment  
project area was  
designated**

**Base EAV**

**Reporting Fiscal Year  
EAV**

--	--	--

List all overlapping tax districts in the redevelopment project area.

If overlapping taxing district received a surplus, list the surplus.

\_\_\_\_\_ The overlapping taxing districts did not receive a surplus.

Overlapping Taxing District	Surplus Distributed from redevelopment
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -

**SECTION 7**

Provide information about job creation and retention

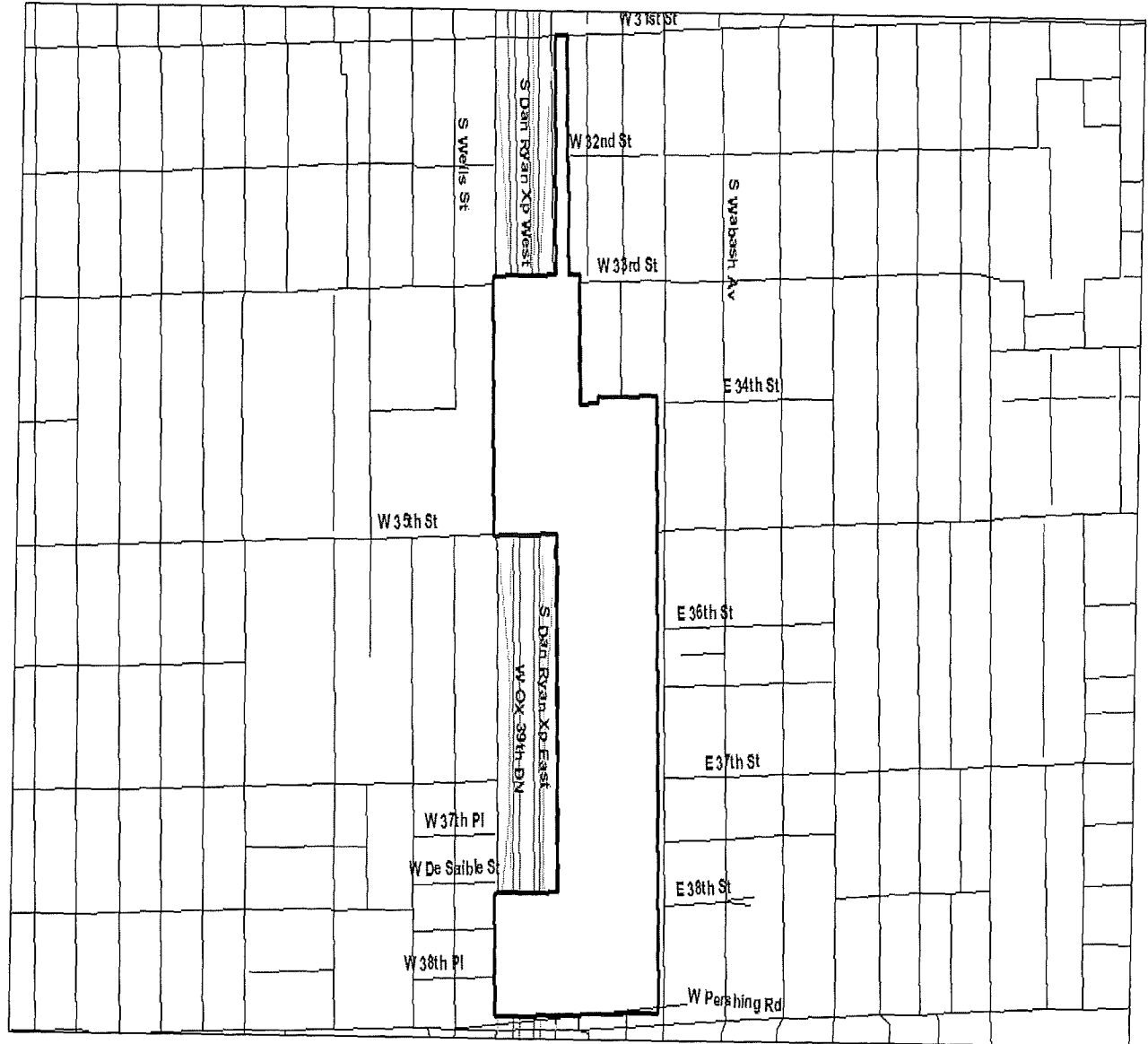
Number of Jobs Retained	Number of Jobs Created	Description and Type (Temporary or Permanent) of Jobs	Total Salaries Paid
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -

**SECTION 8**

Provide a general description of the redevelopment project area using only major boundaries:

Optional Documents	Enclosed	
Legal description of redevelopment project area		
Map of District	X	

35<sup>th</sup>/State Redevelopment Project Area  
2013 Annual Report



STATE OF ILLINOIS)

) SS

**Attachment B**

COUNTY OF COOK )

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

Barbara Byrd-Bennett  
Chief Executive Officer  
Chicago Board of Education  
125 South Clark Street, 5th Floor  
Chicago, Illinois 60603

James R. Dempsey  
Associate Vice Chancellor-Finance  
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  
Bureau Chief  
Cook County Bureau of Economic Dev.  
69 West Washington Street, Suite 3000  
Chicago, Illinois 60602

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

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

Michael P. Kelly, General Superintendent &  
CEO  
Chicago Park District  
541 North Fairbanks, 7th Floor  
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 35th/State 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, 2013, 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, 2014.

Handwritten signature of Rahm Emanuel in black ink, written in a cursive style. The signature is positioned above a horizontal line.

Rahm Emanuel, Mayor  
City of Chicago, Illinois



DEPARTMENT OF LAW  
CITY OF CHICAGO

June 30, 2014

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

Barbara Byrd-Bennett  
Chief Executive Officer  
Chicago Board of Education  
125 South Clark Street, 5th Floor  
Chicago, Illinois 60603

James R. Dempsey  
Associate Vice Chancellor-Finance  
City Colleges of Chicago  
226 West Jackson Boulevard, Room 1125  
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Metropolitan Water Reclamation District  
of Greater Chicago  
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Bureau Chief  
Cook County Bureau of Economic Dev.  
69 West Washington Street, Suite 3000  
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Douglas Wright  
South Cook County Mosquito Abatement  
District  
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Forest Preserve District of Cook County  
69 W. Washington Street, Suite 2060  
Chicago, IL 60602

Michael P. Kelly, General Superintendent  
& CEO  
Chicago Park District  
541 North Fairbanks, 7th Floor  
Chicago, Illinois 60611

Re: 35th/State  
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.

June 30, 2014

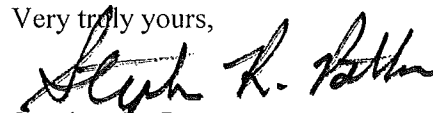
Attorneys, past and present, in the Law Department of the City and familiar with the requirements of the Act, have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following 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 Planning and 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 are set forth below:

<b><u>Name of Project</u></b>
Stateway Gardens - Phase 2 - Park Blv



[Leave blank 3" x 5" space for recorder's office]



Doc#: 1335801011 Fee: \$148.00  
Karen A. Yarbrough  
Cook County Recorder of Deeds  
Date: 12/24/2013 10:21 AM Pg: 1 of 58

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

**PARK BOULEVARD IIB RENTAL PROJECT  
REDEVELOPMENT AGREEMENT**

This Park Boulevard IIB Rental Project Redevelopment Agreement (the "**Agreement**") is made as of this 18th day of December, 2013, by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Housing and Economic Development ("**HED**"), Park Boulevard IIB, LLC, an Illinois limited liability company ("**Owner**"), and Park Boulevard IIB Manager LLC, an Illinois limited liability company ("**Manager**" and together with Owner, "**Developer**").

**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 January 14, 2004: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the 35<sup>th</sup>/State Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the 35<sup>th</sup>/State 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 35<sup>th</sup>/State 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.

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INT

Near North National Title  
222 N. LaSalle  
Chicago, IL 60601

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**D. The Project:** An affiliate of the Developer previously entered into a Contract for Redevelopment of Stateway Gardens dated May 3, 2003 (the "**CHA Redevelopment Agreement**") with the Chicago Housing Authority ("**CHA**") and The Habitat Company LLC for the construction by Owner of 1,316 housing units, including replacement public housing, on sites located within the Bronzeville Tax Increment Financing Redevelopment Project Area ("**Bronzeville Redevelopment Area**") and the 35<sup>th</sup>/State Tax Increment Financing Redevelopment Project Area (the "**35<sup>th</sup>/State Redevelopment Area**"). The project contemplated by this Agreement is for the construction of approximately 108 of those units in four buildings located at 3633-47 South State Street, 4-10 West 37<sup>th</sup> Street, 16-22 West 37<sup>th</sup> Street and 3720 South Dearborn Street, all in Chicago, Illinois (collectively, the "**Property**"). CHA has leased the Property to Owner pursuant to two separate 99-year ground leases. The Property is approximately 1.788 acres, and is located wholly within the Redevelopment Area. A legal description of the 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. 897 (including any approved amendment thereof, the "**PD**"). Developer plans to construct four new buildings, consisting of three 12-flats and one mid-rise. The buildings will collectively comprise: approximately 108 residential units, 71 of which will be affordable for low-income families; 109 parking spaces; and approximately 5,762 square feet of retail space. 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 35<sup>th</sup>/State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project dated May 29, 2003, as revised on October 7, 2003 and attached as Exhibit B-3 hereto (the "**Redevelopment Plan**"), and as amended from time-to-time.

**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:

**"35<sup>th</sup>/State Redevelopment Area"** has the meaning defined in the recitals.

**"35<sup>th</sup>/State 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.

**"Act"** has the meaning defined in the recitals.

**“Actual Residents of the City”** has the meaning defined for such phrase in Section 11.02(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, Developer or any successor to Developer or its 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 Developer to the City (a) itemizing each of the Developer’s obligations under the RDA during the preceding calendar year, (b) certifying the Developer’s compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer is not in default with respect to any provision of the RDA, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) delivery of Financial Statements and unaudited financial statements (**Section 9.12**); (2) delivery of updated insurance certificates, if applicable (**Section 9.13**); (3) delivery of evidence of payment of Non-Governmental Charges, if applicable (**Section 9.14**); and (4) compliance with all other executory provisions of the RDA.

**“Available Incremental Taxes”** means an amount equal to \$5,000,000 of the Incremental Taxes (as defined below), including the Bronzeville Ported Funds, deposited after the Closing Date in the 35<sup>th</sup>/State Redevelopment Project Area Special Tax Allocation Fund, to the extent available and subject to Prior TIF Obligations (as set forth on **Exhibit L** hereto).

**“Available Project Funds”** has the meaning defined for such phrase in Section 5.07.

**“Bonds”** has the meaning defined in Section 9.05.

**“Bronzeville Ported Funds”** shall mean up to \$3,500,000 of funds ported from the Bronzeville Special Tax Allocation Fund to the 35<sup>th</sup>/State Redevelopment Project Area Special Tax Allocation Fund for the sole purpose of funding the TIF Payments.

**“Bronzeville Redevelopment Area”** has the meaning defined in the recitals.

**“Bronzeville Special Tax Allocation Fund”** shall mean the special tax allocation fund created by the City in connection with the Bronzeville Redevelopment Area into which incremental taxes from the Bronzeville Redevelopment Area are deposited.

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

**“Business Relationship”** shall have the meaning set forth for such term in Section 2-156-080 of the Municipal Code of Chicago.

**“Certificate”** means the Certificate of Completion of Construction described in Section 8.01.

**“CHA Redevelopment Agreement”** means that certain Redevelopment Agreement dated as of May 3, 2003 between CHA, The Habitat Company and Park Boulevard LLC.

**"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 4.04.

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

**"City Contract"** has the meaning defined in Section 9.01(m).

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

**"City Funds"** means the funds described in Section 5.03(a).

**"City Group Member"** has the meaning defined in Section 9.10.

**"City Regulatory Agreements"** means, collectively: that certain Regulatory Agreement entered into on the date hereof by Developer and the City; and that certain Donations Tax Credit Regulatory Agreement entered into on the date hereof by Developer, The Interfaith Housing Development Corporation of Chicago, an Illinois not-for-profit corporation, and the City.

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

**"Construction Contract"** means that certain contract substantially in the form of Exhibit E, to be entered into between Developer and the General Contractor (as defined below) providing for construction of the TIF-Funded Improvements. The parties may agree that the Construction Contract may be provided after Closing.

**"Construction Program"** has the meaning defined in Section 11.03.

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

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

**"Employer(s)"** has the meaning defined in Section 11.01.

**"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 (as defined below).

**"Equity"** means funds of Developer (other than funds derived from Lender Financing (as defined below)) available for the Project, in the amount stated in Exhibit J attached hereto, which amount may be increased under Section 5.06 (Cost Overruns).

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

**Escrow Agreement** shall mean the Escrow Agreement establishing a construction escrow, to be entered into as of the date hereof by the City, the Title Company (or an affiliate of the Title Company), the Developer and the Developer's lender(s), in such form as may be approved by the City.

**Event of Default** has the meaning defined in Section 16.01.

**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 17.01.

**Financial Statements** means the financial statements of Developer regularly prepared by Developer, 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 Developer's loan agreement(s), if any.

**General Contractor** means the general contractor(s) hired by Developer under Section 7.01.

**Governmental Charge** has the meaning defined in Section 9.18(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.

**HED** has the meaning defined in the Agreement preamble.

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

**Human Rights Ordinance** has the meaning defined in Section 11.01(a).

**In Balance** has the meaning defined in Section 5.07.

**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 35<sup>th</sup>/State Redevelopment Project Area Special Tax Allocation Fund.

**Indemnitee** and **Indemnitees** have the respective meanings defined in Section 14.01.

**Labor Department** has the meaning defined in Section 9.08.

**Lender Financing** means funds borrowed by Developer from lenders and available to

pay for costs of the Project, in the amount stated in Exhibit J, if any.

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

**"MBE/WBE Program"** has the meaning defined in Section 11.03.

**"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 17.01.

**"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, the Property or the Project.

**"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 17.01.

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

**"Prior Expenditure(s)"** has the meaning defined in Section 5.05.

**"Procurement Program"** has the meaning defined in Section 11.03.

**"Project"** has the meaning defined in the recitals.

**"Project Budget"** means the budget stated in Exhibit C, showing the total cost of the Project by line item, as furnished by Developer to HED, in accordance with Section 4.03.

**"Property"** has the meaning defined in the recitals.

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

**"Redevelopment Area"** means the redevelopment project area as legally described in Exhibit A.

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

**"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.

A **Requisition Form** shall mean the document, in the form attached hereto as Exhibit K, to be delivered by the Developer to HED pursuant to Section 5.04 of this Agreement.

**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 a Class A plat of survey in the most recently revised form of ALTA/ACSM urban survey of the Property dated within 45 days prior to the Closing Date, 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 in connection with the construction of the Project 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 December 31, 2028, such date being the last day of the calendar year in which taxes levied in the year that is 23 years after the creation of the Redevelopment Area are paid.

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

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

**TIF Payments** has the meaning stated in Section 5.03.

**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 reimburse and/or pay for out of the City Funds, subject to the terms of this Agreement, and (iv) are stated in Exhibit E.

**Title Company** means Near North National Title LLC.

**Title Policy** means a leasehold title insurance policy in the most recently revised ALTA or equivalent form, showing Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the 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)** means a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

### SECTION THREE: [INTENTIONALLY OMITTED]

### SECTION FOUR: THE PROJECT

4.01 **The Project.** Developer 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 19.16 (Force Majeure).

4.02 **Scope Drawings and Plans and Specifications.** Developer has delivered the Scope Drawings and Plans and Specifications to HED and HED has approved them or HED has agreed to approve them as a post-closing item. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications within the scope of Section 4.04 will be submitted to HED as a Change Order under Section 4.04. 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, the draft NFRL for the Property to be obtained by the Developer from the IEPA, and all applicable Federal, State and local laws, ordinances and regulations. Developer 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.

4.03 **Project Budget.** Developer has furnished to HED, and HED has approved, a Project Budget which is Exhibit C, showing total costs for the Project in an amount not less than \$42,718,111. Developer hereby certifies to the City that: (a) in addition to City Funds, the Lender Financing and/or Equity described in Exhibit J shall be sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. Developer will promptly deliver to HED copies of any Change Orders with respect to the Project Budget as provided in Section 4.04.

4.04 **Change Orders.** Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to HED for HED's prior written approval. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of HED's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer.

4.05 **HED Approval.** Any approval granted by HED 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 HED under this Agreement constitute approval of the utility, quality, structural soundness, safety, habitability, or investment quality of the Project.

4.06 **Other Approvals.** Any HED approval under this Agreement will have no effect upon, nor will it operate as a waiver of, Developer's obligations to comply with the provisions of Section 6.03 (Other Governmental Approvals).



4.07 **Progress Reports and Survey Updates.** After the Closing Date, on or before the 15th day of each reporting month, Developer will provide HED 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 HED's written approval under Section 4.04). Developer must also deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of Section 9.08 (Prevailing Wage), Section 11.02 (City Resident Construction Worker Employment Requirement) and Section 11.03 (Developer's MBE/WBE Commitment). If the reports reflect a shortfall in compliance with the requirements of Sections 9.08, 11.02 and 11.03, then there must also be included a written plan from Developer acceptable to HED to address and cure such shortfall. At Project completion, upon the request of HED, Developer will provide 3 copies of an updated Survey to HED reflecting improvements made to the Property.

4.08 **Inspecting Agent or Architect.** An independent agent or architect (other than Developer's architect) approved by HED shall be selected to act as the inspecting agent or architect for HED for the Project, and any fees and expenses connected with its work or incurred by such independent agent or architect will be solely for Developer's account and will be promptly paid by Developer. The inspecting agent or architect will perform periodic inspections with respect to the Project, providing written certifications with respect thereto to HED, prior to requests for disbursements for costs related to the Project. At the Developer's option, the inspecting architect may be the inspecting architect engaged by any lender providing Lender Financing for the Project, provided that said architect is an independent architect licensed by the State of Illinois, or an inspecting agent of HED.

4.09 **Barricades.** Developer will install 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. HED 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.

4.10 **Signs and Public Relations.** Developer 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 and the Project in the City's promotional literature and communications.

4.11 **Utility Connections.** Developer 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 Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

4.12 **Permit Fees.** In connection with the Project, Developer 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.

4.13 **Accessibility for Disabled Persons.** Developer 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.

4.14 **Relocation of Utilities, Curb Cuts and Driveways.** The Developer shall be solely responsible for and shall pay all costs associated with: (a) the relocation, installation or construction of public or private utilities, curb cuts and driveways; (b) the repair or reconstruction of any curbs, vaults, sidewalks or parkways required in connection with or damaged as a result of the Developer's construction of the Project; (c) the removal of existing pipes, utility equipment or building foundations; and (d) the termination of existing water or other services. The City shall have the right to approve any streetscaping provided by the Developer as part of the Project, including, without limitation, any paving of sidewalks, landscaping and lighting.

4.15 **City's Right to Inspect Property.** For the period commencing on the Closing Date and continuing through the date the City issues the Certificate, any duly authorized representative of the City shall have access to the Property at all reasonable times for the purpose of determining whether the Developer is constructing the Project in accordance with the terms of this Agreement and all applicable federal, state and local statutes, laws, ordinances, codes, rules, regulations, orders and judgments, including, without limitation, Sections 7-28 and 11-4 of the Municipal Code of Chicago relating to waste disposal (collectively, "Laws").

## SECTION FIVE: FINANCING

5.01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$42,718,111, to be applied in the manner stated in the Project Budget and funded from the sources identified in Exhibit J.

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

5.03 **City Funds.**

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

(i) Any 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". City Funds may be used to pay directly or reimburse Developer only for costs incurred by Developer of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit D states, by line item, the TIF-Funded Improvements for the Project contingent upon receipt by the City of documentation satisfactory in form and substance to HED evidencing such costs and their respective eligibility as a Redevelopment Project Cost.

(b) **Sources of City Funds.** Subject to the terms and conditions of this Agreement, including but not limited to this Section 5.03 and Section 6 hereof, the City hereby agrees to provide City funds from the sources and in the amounts described directly below (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements:

(i) **TIF Payments.** The City will make three payments, from Available Incremental Taxes (the "TIF Payments"), to Developer as follows: (i) \$2,500,000 at approximately 50% completion of the Project (Draw #9); (ii) \$1,500,000 at approximately 83% completion of the Project (Draw #12); and (iii) \$1,000,000 at the later of Draw #15 and issuance of the Certificate, each as further depicted in the Developer's Draw Schedule attached as Exhibit C and identified in each Requisition Form submitted to the City.

5.04 **Construction Escrow; Requisition Form.** The City and the Developer hereby agree to enter into the Escrow Agreement. All disbursements of Project funds shall be made

through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. The City must receive copies of any draw requests and related documents submitted to the Title Company for disbursements under the Escrow Agreement. Notwithstanding any other provision in this Agreement, in the event of a conflict between the provisions in this Agreement governing the disbursement of the City Funds and the provisions in the Escrow Agreement relating to the disbursement of the City Funds and the order of disbursement and conditions to disbursement of the City Funds and all other Lender Financing sources, the terms of the Escrow Agreement shall control.

At Closing, the Developer shall provide HED with a Requisition Form, along with the documentation described therein. HED shall retain the right to approve or reject any cost in the Project or in any Requisition Form as (i) a TIF-Funded Improvement or (ii) a part of the actual total Redevelopment Project Costs.

**5.05 Treatment of Prior Expenditures.** Only those expenditures made by Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to HED and approved by HED as satisfying costs covered in the Project Budget, will be considered previously contributed Equity or Lender Financing, if any, hereunder (the "**Prior Expenditure(s)**"). HED 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 HED as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements will not be reimbursed to Developer, but will reduce the amount of Equity and/or Lender Financing, if any, required to be contributed by Developer under Section 5.01.

**5.06 Cost Overruns.** If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available under Section 5.03, Developer 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.

**5.07 Preconditions of Disbursement.** Prior to each disbursement of City Funds pursuant to the terms of Section 5.03(b) above, the Developer shall submit documentation regarding the applicable expenditures to HED (per the Requisition Form), which shall be satisfactory to HED in its sole discretion. Delivery by the Developer to HED of any request for TIF Payments hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

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

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

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

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

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

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

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

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

## SECTION SIX: 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:

6.01 **Project Budget.** Developer will have submitted to HED, and HED will have approved, a Project Budget in accordance with the provisions of Section 4.03.

6.02 **Scope Drawings and Plans and Specifications.** Developer will have submitted to HED, and HED will have approved, the Scope Drawings and Plans and Specifications as provided in Section 4.02.

6.03 **Other Governmental Approvals.** Developer 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 HED.

### 6.04 **Financing.**

(a) Developer will have furnished evidence acceptable to the City that Developer has Equity and Lender Financing, if any, at least in the amounts stated in Section 5.01 to complete the Project and satisfy their obligations under this Agreement. If a portion of such financing consists of Lender Financing, Developer will have furnished evidence as of the Closing Date that the proceeds thereof are available to be drawn upon by Developer as needed and are sufficient (along with the Equity and other financing sources, if any, stated in Section 5.01 and Exhibit J) to complete the Project.

(b) Prior to the Closing Date, Developer will deliver to HED a copy of the

Construction Escrow Agreement entered into by Developer regarding Developer's Lender Financing, if any. The Construction Escrow Agreement must provide that HED will receive copies of all construction draw request materials submitted by Developer 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 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 Developer, in the Office of the Recorder of Deeds of Cook County.

(d) The City agrees that the Developer may collaterally assign its interest in this Agreement to any of its lenders if any such lenders require such collateral assignment.

6.05 **Acquisition and Title.** On the Closing Date, Developer will furnish the City with a copy of the Title Policy for the Property, showing Developer 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 9.17. The Title Policy will also contain the following endorsements as required by Corporation Counsel: an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access, and survey.

6.06 **Evidence of Clear Title.** Not less than 5 Business Days prior to the Closing Date, Developer, at its own expense, will have provided the City with current searches under the names of each of the entities comprising Developer 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, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

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

6.08 **Insurance.** Developer, at its own expense, will have insured the Property and the Project as required under Section 13. Prior to the Closing Date, certificates required under Section 13 evidencing the required coverages will have been delivered to HED.

6.09 **Opinions of Developer's Counsel.** On the Closing Date, Developer 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 Developer 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 Developer from its general corporate counsel.

6.10 **Evidence of Prior Expenditures.** Developer will have provided evidence

satisfactory to HED of the Prior Expenditures as provided in Section 5.05.

6.11 **Financial Statements.** Developer will have provided Financial Statements to HED for its fiscal year 2011, and its most recently available unaudited interim Financial Statements.

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

6.13 **Environmental Audit.** Developer will have provided HED 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.

6.14 **Entity Documents.** Developer will provide a copy of the current Articles of Organization for Developer, 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 Developer is qualified to do business; the current Operating Agreement for Developer; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such organizational documentation as the City may request.

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

6.16 **Environmental.** Developer shall deliver to the City a copy of HUD's NEPA clearance with respect to the Property.

## **SECTION SEVEN: AGREEMENTS WITH CONTRACTORS**

### **7.01 Bid Requirement for General Contractor and Subcontractors.**

(a) HED acknowledges that Developer has selected Walsh Construction or an Affiliate as the General Contractor for the Project. Developer 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) Developer must submit copies of the Construction Contract to HED as required under Section 7.02 below. Upon the written request of the City, Developer 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 Developer 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.

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

7.03 **Performance and Payment Bonds.** Prior to commencement of construction of any work in the public way, Developer 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.

7.04 **Employment Opportunity.** Developer will contractually obligate and cause the General Contractor to agree and contractually obligate each subcontractor to agree to the provisions of Section 11; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and the City resident obligations in Section 11 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 11 obligations are satisfied on an aggregate basis.

7.05 **Other Provisions.** In addition to the requirements of this Section 7, the Construction Contract and each contract with any subcontractor must contain provisions required under Section 4.04 (Change Orders), Section 9.08 (Prevailing Wage), Section 11.01(e) (Employment Opportunity), Section 11.02 (City Resident Construction Worker Employment Requirement), Section 11.03 (Developer's MBE/WBE Commitment), Section 13 (Insurance) and Section 15.01 (Books and Records).

## SECTION EIGHT: COMPLETION OF CONSTRUCTION

### 8.01 **Certificate of Completion of Construction.**

(a) Upon substantial completion of the construction of the Project in compliance with the terms and conditions of this Agreement, and upon Developer's written request, HED will issue to Developer a certificate of completion of construction in recordable form (the "**Certificate**") certifying that Developer has fulfilled its obligation to complete the Project in compliance with the terms and conditions of this Agreement. HED will respond to Developer'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 in order to obtain the Certificate. Developer 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) Developer acknowledges and understands that the City will not issue a Certificate until the City's Monitoring and Compliance unit has determined in writing that Developer is in complete compliance with all City requirements (M/WBE, City residency and prevailing wage) as required in this Agreement.

**8.02 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's 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 9.02 (Covenant to Redevelop), Section 9.18 (Real Estate Provisions), and Section 9.19 (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 Developer or a permitted assignee of Developer who, as provided in Section 19.14 (Assignment) of this Agreement, has contracted to take an assignment of Developer's rights under this Agreement and assume Developer's liabilities hereunder.

**8.03 Failure to Complete.** If Developer fails 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 5.01, Developer 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 Developer.

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

**SECTION NINE: REPRESENTATIONS, WARRANTIES AND COVENANTS OF DEVELOPER.**

**9.01 General.** Each of Owner and Manager represents, warrants, and covenants, as of the date of this Agreement as follows.

(a) Owner is an Illinois limited liability company, duly organized, validly existing and in good standing, and consists of 3 members: its managing member, Manager (0.005%); Interfaith Housing Development Corporation of Chicago (or a wholly-owned affiliate) (0.005%); and Wincopin Circle LLLP (99.99%).

(b) Manager is an Illinois limited liability company, duly organized, validly existing



and in good standing, and consists of one member, Stateway Associates IIB LLC (100%).

(c) Each of Owner and Manager 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;

(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 Owner's or Manager's Articles of Organization as amended and supplemented, its respective Operating Agreements, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which Owner or Manager is now a party or by which Owner or Manager or any of its respective assets is now or may become bound;

(e) Owner 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;

(f) Each of Owner and Manager is now, and until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which Owner or Manager has no further economic interest in the Project, will remain solvent and able to pay its respective debts as they mature;

(g) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending or, to Owner's or Manager's actual knowledge threatened or affecting Owner or Manager which would impair its respective ability to perform under this Agreement;

(h) Developer 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;

(i) Neither Owner nor Manager is 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 either is a party or by which Owner or Manager or any of its respective assets is bound which would materially adversely effect its ability to comply with its respective obligations under this Agreement;

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

(k) prior to the issuance of the Certificate, if it would materially adversely affect Developer's ability to perform its obligations under this Agreement, each of Owner and Manager will not do any of the following without the prior written consent of HED: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose (directly or indirectly) of all or substantially all of its respective 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; (3) enter into any transaction

outside the ordinary course of its respective business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to Owner's or Manager'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 Developer 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 Developer;

(l) Developer has not incurred and, prior to the issuance of the Certificate, will not, without the prior written consent of the Commissioner of HED, 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;

(m) Developer has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or 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 Developer in violation of Chapter 2-156-120 of the Municipal Code of the City, as amended; and

(n) None of Owner, Manager 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 shared ownership, a trust, a contract or otherwise.

**9.02 Covenant to Redevelop.** Upon HED's approval of the Scope Drawings and Plans and Specifications, and the Project Budget as provided in Sections 4.02 and 4.03, and Developer's receipt of all required building permits and governmental approvals, Developer 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, any draft NFRLs, and all amendments thereto, and all Federal, State and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project and/or Developer. Specifically, Developer shall:

- (a) construct the improvements constituting the rental units, the parking spaces and the retail space in accordance with the recitals and Section 9.19;
- (b) fund the construction of the Project in accordance with Section 5.01;
- (c) devote the Property solely to the Project, and to a use consistent with the Redevelopment Plan;
- (d) not discriminate on the basis of race, color, sex, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status, or source of income in the use or occupancy of

the Property or any part thereof or the Project or any part thereof; and

- (e) cause its General Contractor (or, if such work is subcontracted or handled by a third party, such subcontractor or third party) to complete such work and provide such cooperation with the City and CHA as may be necessary to cover one or more NFRLs as may be necessary or appropriate to cover the entire Property.

The covenants set forth in this Section 9.02 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 HED, pursuant to a written instrument executed pursuant to Section 8.02 and recorded against the Property, or any portion thereof.

9.03 **Redevelopment Plan.** Developer represents 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.

9.04 **Use of City Funds.** City Funds disbursed to Developer will be used by Developer to either reimburse Developer for its payment for the TIF-Funded Improvements as provided in this Agreement or to pay third parties directly, on behalf of Developer, for the TIF-Funded Improvements as provided in this Agreement.

9.05 [Intentionally omitted]

9.06 **Employment Opportunity.**

(a) Developer covenants and agrees 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 9.08 and Section 11; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and City resident obligations in Section 11 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 11 obligations are satisfied on an aggregate basis. Developer will submit to HED a plan describing its compliance program prior to the Closing Date.

(b) Developer will deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of Sections 9.08, 11.02 and 11.03 of this Agreement. If any such reports indicate a shortfall in compliance, Developer will also deliver a plan to HED which will outline, to HED's satisfaction, the manner in which Developer will correct any shortfall.

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

9.08 **Prevailing Wage.** Unless required to pay federal Davis Bacon wages pursuant to the terms of any Lender Financing received by the Owner for the Project, Developer covenants and agrees 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 State Department of Labor (the "**Labor Department**"), to all of 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 the Labor Department revises such prevailing wage rates, the revised rates will apply to all such contracts. Upon the City's request, Developer will provide the City with copies of all such contracts entered into by Developer or the General Contractor to evidence compliance with this Section 9.08.

9.09 **Arms-Length Transactions.** Unless HED has given its prior written consent with respect thereto, no Affiliate of Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. Developer will provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to an Affiliate by Developer and reimbursement to Developer for such costs using City Funds, or otherwise), upon HED's request, prior to any such disbursement.

9.10 **No Conflict of Interest.** Under Section 5/11-74.4-4(n) of the Act, Developer represents, warrants and covenants that to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or Developer 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 Developer, the Property, the Project, or to Developer's actual knowledge, any other property in the Redevelopment Area.

9.11 **Disclosure of Interest.** Developer's counsel does not have direct or indirect financial ownership interest in Developer, the Property, or any other feature of the Project.

9.12 **Financial Statements.** Developer will obtain and provide to HED Financial Statements for Developer's fiscal year ended 2011, and each yearly thereafter for the Term of the Agreement. In addition, if requested by HED, Developer will submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as HED may request.

9.13 **Insurance.** Solely at its own expense, Developer will comply with all provisions of Section 13 hereof.

9.14 **Non-Governmental Charges.**

(a) **Payment of Non-Governmental Charges.** Except for the Permitted Liens, and subject to subsection (b) below, Developer agrees 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 Developer, 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 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 will furnish to HED, within thirty (30) days of HED's request, official receipts from the appropriate entity, or other evidence satisfactory to HED, evidencing payment of the Non-Governmental Charges in question.

(b) **Right to Contest.** Developer 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's covenants to pay any such Non-Governmental Charges at the time and in the manner provided in this Section 9.14); or

(ii) at HED's sole option, to furnish a good and sufficient bond or other security satisfactory to HED in such form and amounts as HED 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.

9.15 **Developer's Liabilities.** Developer will not enter into any transaction that would materially and adversely affect its ability to perform its obligations under this Agreement. Developer will immediately notify HED of any and all events or actions which may materially affect its 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.

9.16 **Compliance with Laws.** To the best of Developer'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 will provide evidence satisfactory to the City of such current compliance.

9.17 **Recording and Filing.** Developer 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. Developer will pay all fees and charges incurred in connection with any such recording. Upon recording, Developer will immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

9.18 **Real Estate Provisions.**

(a) **Governmental Charges.**

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

(ii) **Right to Contest.** Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and

prevent the imposition of a lien or the sale or 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's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless Developer has given prior written notice to HED of Developer's intent to contest or object to a Governmental Charge and, unless, at HED's sole option:

(x) Developer will demonstrate to HED's satisfaction that legal proceedings instituted by Developer 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 will furnish a good and sufficient bond or other security satisfactory to HED in such form and amounts as HED 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's Failure To Pay Or Discharge Lien. If Developer fails to pay or contest any Governmental Charge or to obtain discharge of the same, Developer will advise HED thereof in writing, at which time HED may, but will not be obligated to, and without waiving or releasing any obligation or liability of Developer under this Agreement, in HED's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which HED deems advisable. All sums so paid by HED, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, will be promptly disbursed to HED by Developer. 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 fails to pay any Governmental Charge, the City, in its sole discretion, may require Developer to submit to the City audited Financial Statements at Developer's own expense.

#### 9.19 Affordability Requirements.

(a) Of the 108 units comprising the Project, 6 units (or 5% of the Project's units) shall be rental units affordable to households averaging less than 50% AMI; 62 units (or 57% of the Project's units) shall be rental units affordable to households averaging less than 60% AMI; 3 units (or 2% of the Project's units) shall be rental units affordable to households averaging less than 80% AMI; and 37 units shall be market rate rental units.

(b) The affordability requirements applicable to the rental units, as set forth in the Recorded Affordability Documents, shall be covenants running with the land and shall survive any foreclosure of any portion of the Property or any leasehold interest therein for the applicable affordability periods set forth in such agreement.

9.20 Job Readiness Program. If requested by the City, Developer 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.

9.21 **Broker's Fees.** Developer 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.

9.22 **No Business Relationship with City Elected Officials.** Developer acknowledges receipt of a copy of Section 2-156-030(b) of the Municipal Code and that Developer 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. Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to this Agreement or the transactions contemplated thereby.

9.23 **Compliance with the Multi-Project Labor Agreement.** Developer shall cause the General Contractor to comply with that certain Settlement Agreement dated November 3, 2011, by and among the City, Chicago Regional Council of Carpenters, the Metropolitan Pier and Exposition Authority, the Public Building Commission of the City of Chicago, and the State of Illinois, because the Project budget is in excess of \$25,000,000, and, therefore, is subject to the provisions of that certain City of Chicago Multi-Project Labor Agreement (the "MPLA") dated February 9, 2011, by and among the City and the labor organizations comprising the Chicago & Cook County Building & Construction Trades Council. Developer shall cause the General Contractor to comply with the MPLA to the fullest extent legally permissible without violating other requirements applicable to the construction of the Project, including, without limitation, the requirements of the MBE/WBE Program, the City resident employment provisions contained herein, Housing Act Section 3, Davis-Bacon Act, the Contract Work Hours and Safety Standards Act and the Labor Standards Deposit Agreement. At the direction of HED, affidavits and other supporting documentation shall be required of Developer, the General Contractor and the Subcontractors to verify or clarify compliance with the MPLA.

9.24 **Survival of Covenants.** All warranties, representations, covenants and agreements of Developer contained in this Section 9 and elsewhere in this Agreement are true, accurate and complete at the time of Developer's execution of this Agreement, and will survive the execution, delivery and acceptance by the parties and (except as provided in Section 8 upon the issuance of the Certificate) will be in effect throughout the Term of the Agreement.

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

## **SECTION TEN: REPRESENTATIONS, WARRANTIES AND COVENANTS OF CITY**

10.01 **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.

10.02 **Survival of Covenants.** All warranties, representations, and covenants of the City contained in this Section 10 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 ELEVEN: DEVELOPER'S EMPLOYMENT OBLIGATIONS

11.01 **Employment Opportunity.** Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of Developer operating on the Project (collectively, with Developer, 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 Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time-to-time (the "**Human Rights Ordinance**"). Each Employer 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 11.01 will be a basis for the City to pursue remedies under the provisions of Section 16.02 hereof, subject to the cure rights under Section 16.03.

#### **11.02 City Resident Construction Worker Employment Requirement.**

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

(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) Developer, 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 HED 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, Developer, 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 HED, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. Developer, 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 HED, affidavits and other supporting documentation will be required of Developer, 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 Developer, the General Contractor and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) 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 Developer 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 Developer (and specifically excluding any tenant improvements which are not undertaken by Developer) (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 Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly 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 Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether Developer 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) Developer will cause or require the provisions of this Section 11.02 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).

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

(a) Consistent with the findings which support, 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 11.03, during the course of the Project, at least the following percentages shall be expended for contract participation by MBEs and by WBEs:

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

(b) For purposes of this Section 11.03 only:

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

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, Developer's MBE/WBE commitment may be achieved in part by Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to Developer's MBE/WBE commitment as described in this Section 11.03. In accordance with Section 2-92-730, Municipal Code of Chicago, Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of HED.

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

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

(f) Any reduction or waiver of Developer's MBE/WBE commitment as described in this Section 11.03 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, Developer shall be required to meet with

the City's monitoring staff with regard to Developer's compliance with its obligations under this Section 11.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 11.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, Developer shall submit the documentation required by this Section 11.03 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 Developer is not complying with its obligations under this Section 11.03, shall, upon the delivery of written notice to Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to Developer to halt the Project, (2) withhold any further payment of any City Funds to Developer or the General Contractor, or (3) seek any other remedies against Developer available at law or in equity.

## **SECTION TWELVE: ENVIRONMENTAL MATTERS**

12.01 **Environmental Matters**. Developer hereby represents and warrants to the City that all necessary environmental studies have been performed 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, Developer 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 Developer: (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 Developer or any of its Affiliates under any Environmental Laws relating to the Property.

This Section shall not be construed to require Developer to assume any of the obligations of the CHA with respect to remediation work required to be performed by the CHA, and Developer 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 Developer's indemnification obligations hereunder.

## **SECTION THIRTEEN: INSURANCE**

13.01 **Insurance**. Developer will provide and maintain, or cause to be provided and maintained, at Developer's own expense, during the Term of this Agreement, the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement and Throughout the Period of Developer's Ownership

(i) Workers' Compensation and Employers Liability Insurance

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

(ii) Commercial General Liability Insurance (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 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 Insurance

All Risk Property Insurance in the amount of the full replacement value of the buildings in the Project. The City is to be named as an additional insured.

(b) Construction. Prior to the construction of any portion of the Project, Developer will cause its architects, contractors, sub-contractors, 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 Insurance

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

(ii) Commercial General Liability Insurance (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 2 years following Project completion), explosion, collapse, underground, independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City 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 Insurance (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, Developer must cause each

contractor to provide Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage. The City is to be named as an additional insured on a primary, non-contributory basis.

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or rail transit property or within 50 feet of railroad or rail transit property, contractor must provide, or cause to be provided with respect to the operations that the contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy 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 Insurance

When the contractor undertakes any construction, including improvements, betterments, and/or repairs, Developer must cause each contractor to provide, or cause to be provided All Risk Blanket Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the Project. Coverages shall include but are not limited to the following: collapse, boiler and machinery if applicable, flood including surface water backup. The City will be named as an additional insured and loss payee.

(vi) Professional Liability

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Developer must cause such parties to maintain Professional Liability Insurance covering acts, errors, or omissions which shall 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 performed in connection with this Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of 2 years.

(vii) Valuable Papers Insurance

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement by Developer's architects, contractors, sub-contractors, project managers and other parties constructing the Project, Developer will cause such parties to maintain Valuable Papers Insurance which must be maintained in an amount to insure against any loss whatsoever, and which must have limits sufficient to pay for the re-creations and reconstruction of such records.

(viii) Contractor's Pollution Liability

When any environmental remediation work is performed which may cause a pollution exposure, Developer will cause the party performing such work to maintain contractor's Pollution Liability insurance with limits

of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of 1 year. The City is to be named as an additional insured on a primary, non-contributory basis.

(c) After Completion of Construction

- (i) All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable. The City of Chicago shall be named as an additional insured and loss payee.
- (ii) Commercial General Liability insurance as described above in subparagraph (b)(ii). The City of Chicago shall be named an additional insured on a primary, non-contributory basis.

(d) Other Requirements

- (i) Developer will furnish the City of Chicago, Department of Housing and Economic Development, City Hall, Room 1000, 121 North LaSalle Street, Chicago, Illinois 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the Term of this Agreement. Developer will submit evidence of insurance on the City Insurance Certificate Form or commercial equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from Developer must not be deemed to be a waiver by the City. Developer will advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance will not relieve Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.
- (ii) The insurance will provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.
- (iii) Any and all deductibles or self insured retentions on referenced insurance coverages are borne by Developer.
- (iv) Developer agrees that insurers must waive rights of subrogation against the City, its employees, elected officials, agents, or representatives.
- (v) Developer expressly understands and agrees that any coverages and limits furnished by Developer will in no way limit Developer's liabilities and

responsibilities specified within the Agreement documents or by law.

- (vi) Developer expressly understands and agrees that Developer's insurance is primary and any insurance or self insurance programs maintained by the City will not contribute with insurance provided by Developer under the Agreement.
- (vii) The required insurance will not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.
- (viii) Developer will require its general contractor and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the contractor or subcontractors. All contractors and subcontractors will be subject to the same requirements of Developer unless otherwise specified herein.
- (ix) If Developer, contractor or subcontractor desires additional coverages, Developer, contractor and each subcontractor will be responsible for the acquisition and cost of such additional protection.
- (x) The City Risk Management Department maintains the right to modify, delete, alter or change these requirements, so long as such action does not, without Developer's written consent, increase such requirements.

#### SECTION FOURTEEN: INDEMNIFICATION

14.01 **General Indemnity.** Developer agrees to 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) Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or
- (ii) Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project 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 Developer or any Affiliate or any of their respective agents, employees, contractors or persons acting under the control or at the request of Developer or any Affiliate; or
- (iv) Developer's failure to cure any misrepresentation in this Agreement or any other document or agreement relating hereto; or



- (v) any act or omission by Developer or any Affiliate.

provided, however, that Developer shall not 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, Developer 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 14.01 will survive the termination of this Agreement.

## SECTION FIFTEEN: MAINTAINING RECORDS/RIGHT TO INSPECT

15.01 **Books and Records.** Developer 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 Developer'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 Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at Developer's expense. Developer will not pay for salaries or fringe benefits of auditors or examiners. Developer must incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by Developer with respect to the Project.

15.02 **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 SIXTEEN: DEFAULT AND REMEDIES

16.01 **Events of Default.** The occurrence of any one or more of the following events, subject to the provisions of Section 16.03, will constitute an "Event of Default" by Developer hereunder:

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

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt by Developer 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 (and/or liens bonded over by the Developer or insured by the Title Company), 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 Developer or for the liquidation or reorganization of Developer, or alleging that Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of Developer's debts, whether under the United States Bankruptcy Code or under any other state or Federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving Developer; 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 90 days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for Developer, for any substantial part of Developer's assets, or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of Developer; 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 90 days after the commencement thereof;

(g) the entry of any judgment or order against Developer 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 Developer; or

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

For purposes of Section 16.01(i) hereof, a natural person with a material interest in Developer is one owning in excess of thirty-three percent (33%) of Developer's or Developer's ultimate parent entity's issued and outstanding ownership shares or interest.

**16.02 Remedies.** Subject to the notice and cure provisions set forth in Section 16.03, upon the occurrence of an Event of Default, the City may terminate this agreement, suspend payment of City Funds and seek reimbursement of City Funds from Developer. 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.

### **16.03 Curative Period.**

(a) In the event Developer 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 (as hereinafter defined) 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. The term "Applicable Party" shall mean the Developer, any partner or member of the Developer, the holder of any mortgage approved under this Agreement, and the investor member of Owner.

(b) In the event Developer fails to perform a non-monetary covenant which it is required to perform under this Agreement, then 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 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.

(c) The City hereby agrees that any cure of a default made by or tendered by the Owner's investor member or by any lender providing Lender Financing shall be deemed to be a cure by the Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer.

## SECTION SEVENTEEN: MORTGAGING OF THE PROJECT

17.01 **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 Developer 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 Developer 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 Developer as follows:

(a) If a mortgagee or any other party shall succeed to Developer'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 Developer's interest hereunder in accordance with Section 19.14 hereof, the City may, but will not be obligated to, attorn to and recognize such party as the successor in interest to Developer 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 8.02.

(b) If any mortgagee or any other party shall succeed to Developer'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 Developer's interest hereunder in accordance with Section 19.14 hereof, then the City hereby agrees to attorn to and recognize such party as the successor in interest to Developer for all purposes under this Agreement so long as such party accepts all of the executory obligations and liabilities of "Developer" hereunder. Notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of Developer's interest under this Agreement, such party will have no liability under this Agreement for any Event of Default of Developer which occurred prior to the time such party succeeded to the interest of Developer under this Agreement, in which case Developer will be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of Developer'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 8.02.

(c) Prior to the issuance by the City to Developer of a Certificate under Section 8 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 HED. 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 HED is not required for any such New Mortgage.

## SECTION EIGHTEEN: NOTICES

18.01 **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 Housing and Economic 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 Developer: Park Boulevard IIB Manager LLC  
10 West 35<sup>th</sup> Street, Suite 9C9  
Chicago, Illinois 60616  
Attn: James Miller, Jr.  
Fax: 312/654-9349
- With Copies To: Applegate & Thorne-Thomsen, P.C.  
626 West Jackson Blvd. Suite 400  
Chicago, Illinois 60661
- And With Copies To: Chicago Housing Authority  
60 E. Van Buren Street, 12<sup>th</sup> floor  
Chicago, Illinois 60605  
Attn: Chief Executive Officer
- Chicago Housing Authority  
Office of General Counsel  
60 E. Van Buren Street, 12<sup>th</sup> floor.  
Chicago, Illinois 60605  
Attn: Chief Legal Officer
- And With Copies To: Enterprise Community Asset Management, Inc.

11000 Broken Land Parkway, Suite 700  
Columbia, Maryland 21044  
Attn: General Counsel

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.

18.02 **Developer Requests for City or HED Approval.** Any request under this Agreement for City or HED approval submitted by Developer will comply with the following requirements:

- (a) be in writing and otherwise comply with the requirements of Section 18.01 (Notices);
- (b) expressly state the particular document and section thereof relied on by Developer to request City or HED approval;
- (c) if applicable, note in bold type that failure to respond to Developer's request for approval by a certain date will result in the requested approval being deemed to have been given by the City or HED;
- (d) if applicable, state the outside date for the City's or HED'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 Developer's request.

## SECTION NINETEEN: ADDITIONAL PROVISIONS

19.01 **Amendments.** Except as provided in this Section 19.01, 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 modified or amended except by an agreement in writing signed by the parties. In addition to consents and discretion expressly identified herein, the Commissioner, in his 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, provided that such correction does not have a material effect on any portion of the Project; and (b) Exhibit G to correct inadvertent omissions or permit other minor title encumbrances not in the nature of a lien. The City in its sole discretion, may amend, modify or supplement the Redevelopment Plan. For purposes of this Agreement, Developer is only obligated to comply with the Redevelopment Plan as in effect on the date of this Agreement.

19.02 **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.

19.03 **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 or any successor in interest to Developer in the event of any default or breach by the City or for any amount which may become due to Developer or any successor in interest, from the City or on any obligation under the terms of this Agreement.

19.04 **Further Assurances.** Developer 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.

19.05 **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.

19.06 **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.

19.07 **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, 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.

19.08 **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.

19.09 **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.

19.10 **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.

19.11 **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.

19.12 **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.

19.13 **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.

19.14 **Assignment.** Prior to the issuance by the City to Developer of the Certificate, Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City; provided, however, that the Developer may collaterally assign its interests in this Agreement to any of its lenders identified to the City as of the Closing Date if any such lenders require such collateral assignment. Any successor in interest to Developer 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 9.24 (Survival of Covenants) hereof, for the Term of the Agreement. Developer hereby consents to the City's transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

19.16 **Force Majeure.** Neither the City nor Developer 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 CHA's failure to complete any environmental remediation work that is the CHA's responsibility under applicable agreements between the CHA and the Developer, 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.

19.17 **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.

19.18 **Business Economic Support Act.** Under the Business Economic Support Act (30 ILCS 760/1 et seq. 2002 State Bar Edition, as amended), if Developer is required to provide notice under the WARN Act, Developer 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 Developer

has locations in the State. Failure by Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

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

19.20 **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."

19.21 **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.

19.22 **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.

19.23 **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.

19.24 **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.

19.25 **Costs and Expenses.** In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City's reasonable 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. Developer also will pay any court costs, in addition to all other sums provided by law.

19.26 **Compliance with "Waste" Provisions.** Any duly authorized representative of the City shall have access to the City Property and to the real property on which the work related to the Project is performed at all reasonable times for the purpose of determining whether the Developer is constructing the Project in accordance with the terms of this Agreement and all applicable federal, state and local statutes, laws, ordinances, codes, rules,



regulations, orders and judgments, including, without limitation, Sections 7-28 and 11-4 of the Municipal Code of Chicago relating to waste disposal (collectively, the "Waste Sections"). Developer's violation of the Waste Sections (including, but not limited to, Sections 7-28-390 Dumping on public way; 7-28-440 Dumping on real estate without permit; 11-4-1410 Disposal in waters prohibited; 11-4-1420 Ballast tank, bilge tank or other discharge; 11-4-1450 Gas manufacturing residue; 11-4-1500 Treatment and disposal of solid or liquid waste; 11-4-1530 Compliance with rules and regulations required; 11-4-1550 Operational requirements; and 11-4-1560 Screening requirements), whether or not relating to the performance of this Agreement, constitutes a breach of and an event of default under this Agreement and entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit Developer, general contractor's and its subcontractors' duty to comply with all applicable federal, state, county and municipal laws, statutes, ordinances and executive orders, in effect now or later, and whether or not they appear in this Agreement.

19.27 **No Merger.** The terms of this Agreement shall not be merged with the Deed, and the delivery of the Deed shall not be deemed to affect or impair the terms of this Agreement.

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

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

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

**PARK BOULEVARD IIB, LLC**, an Illinois limited liability company

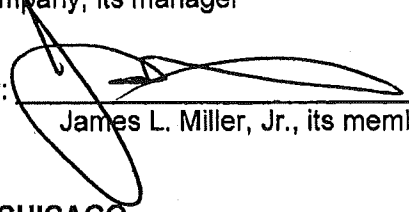
By: Park Boulevard IIB Manager LLC, an Illinois limited liability company, its manager

By: JLM Investment IIB LLC, an Illinois limited liability company, its manager

By:   
James L. Miller, Jr., its member

**PARK BOULEVARD IIB MANAGER LLC**, an Illinois limited liability company

By: JLM Investment IIB LLC, an Illinois limited liability company, its manager

By:   
James L. Miller, Jr., its member

**CITY OF CHICAGO**

By: \_\_\_\_\_  
Andrew J. Mooney, Commissioner  
Department of Housing and Economic  
Development

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

**PARK BOULEVARD IIB, LLC**, an Illinois limited liability company

By: Park Boulevard IIB Manager LLC, an Illinois limited liability company, its manager

By: JLM Investment IIB LLC, an Illinois limited liability company, its manager


By: \_\_\_\_\_  
James L. Miller, Jr., its member

**PARK BOULEVARD IIB MANAGER LLC**, an Illinois limited liability company

By: JLM Investment IIB LLC, an Illinois limited liability company, its manager

By: \_\_\_\_\_  
James L. Miller, Jr., its member

**CITY OF CHICAGO**

By:  \_\_\_\_\_  
Andrew J. Mooney, Commissioner  
Department of Housing and Economic  
Development

STATE OF ILLINOIS        )  
  ) ss  
COUNTY OF COOK        )

I, the undersigned, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that James L. Miller, Jr., personally known to me to be a member of JLM Investment IIB LLC, an Illinois limited liability company and the manager of Park Boulevard IIB Manager LLC, an Illinois limited liability company (the "Manager") and the manager of Park Boulevard IIB, LLC (the "Owner"), 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 s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by the Owner and the Manager, as her/his free and voluntary act and as the free and voluntary act of Owner and Manager, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 19<sup>th</sup> day of December, 2013.

Margaret A. Grassano  
Notary Public



(SEAL)

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

STATE OF ILLINOIS )

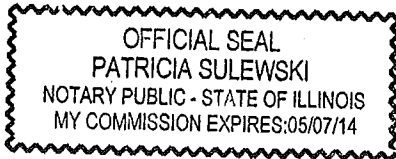
COUNTY OF COOK )

) ss  
)

I, Patricia Sulewski, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Andrew J. Mooney, personally known to me to be the Commissioner of the Department of Housing and Economic Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/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 19<sup>th</sup> day of December, 2013.

Patricia Sulewski  
Notary Public



My Commission Expires 5/7/14

**PARK BOULEVARD IIB 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 B-3	Redevelopment Plan
Exhibit C	*Project 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
Exhibit I	Form of Payment and Performance Bond
Exhibit J	Lender Financing
Exhibit K	Requisition Form
Exhibit L	* Prior TIF Obligations

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

**PARK BOULEVARD IIB RENTAL PROJECT  
REDEVELOPMENT AGREEMENT**

**EXHIBIT B-1**

**LEGAL DESCRIPTION OF THE PROPERTY**

**BUILDING T**

Parcel 1: LOT 4 IN STATEWAY GARDENS PHASE II-B, BEING A SUBDIVISION OF PART OF VACATED WEST 37<sup>TH</sup> STREET, VACATED WEST 38<sup>TH</sup> STREET, VACATED SOUTH DEARBORN STREET, VACATED SOUTH FEDERAL STREET, BLOCK 2 AND THE 16 FOOT VACATED ALLEY IN SAID BLOCK 2, IN THE SUBDIVISION OF BLOCK 32 AND THE EAST 68 FEET OF BLOCK 31 OF CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 3, 2012, AS DOCUMENT 1233829122, IN COOK COUNTY, ILLINOIS.

Parcel 2: LOT 3 IN STATEWAY GARDENS PHASE II-B, BEING A SUBDIVISION OF PART OF VACATED WEST 37<sup>TH</sup> STREET, VACATED WEST 38<sup>TH</sup> STREET, VACATED SOUTH DEARBORN STREET, VACATED SOUTH FEDERAL STREET, BLOCK 2 AND THE 16 FOOT VACATED ALLEY IN SAID BLOCK 2, IN THE SUBDIVISION OF BLOCK 32 AND THE EAST 68 FEET OF BLOCK 31 OF CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 3, 2012, AS DOCUMENT 1233829122, IN COOK COUNTY, ILLINOIS.

Parcel 3: LOT 2 IN STATEWAY GARDENS PHASE II-B, BEING A SUBDIVISION OF PART OF VACATED WEST 37<sup>TH</sup> STREET, VACATED WEST 38<sup>TH</sup> STREET, VACATED SOUTH DEARBORN STREET, VACATED SOUTH FEDERAL STREET, BLOCK 2 AND THE 16 FOOT VACATED ALLEY IN SAID BLOCK 2, IN THE SUBDIVISION OF BLOCK 32 AND THE EAST 68 FEET OF BLOCK 31 OF CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 3, 2012, AS DOCUMENT 1233829122, IN COOK COUNTY, ILLINOIS.

Commonly known as: 3720 South Dearborn Street, Chicago, Illinois

P.I.N.: 17-33-416-048-0000

**BUILDING M:**

LOT 16 IN STATEWAY GARDENS PHASE II-A, BEING A SUBDIVISION OF PART OF VACATED WEST 37<sup>TH</sup> STREET IN CANAL TRUSTEE'S SUBDIVISION, AND PART OF VACATED SOUTH DEARBORN STREET, PART OF BLOCK 4 AND PART OF THE VACATED ALLEY IN SAID BLOCK 4, IN THE SUBDIVISION OF BLOCK 17 IN CANAL TRUSTEE'S SUBDIVISION AFORESAID, ALL IN SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 21, 2011, AS DOCUMENT 1117245033, IN COOK COUNTY, ILLINOIS.

Commonly known as: 16-22 West 37<sup>th</sup> Street, Chicago, Illinois

P.I.N.s:           17-33-408-068-0000 (part of)  
                      17-33-408-069-0000 (part of)  
                      17-33-408-070-0000 (part of)

**BUILDING N:**

LOTS 17 AND 18 IN STATEWAY GARDENS PHASE II-A, BEING A SUBDIVISION OF PART OF VACATED WEST 37<sup>TH</sup> STREET IN CANAL TRUSTEE'S SUBDIVISION, AND PART OF VACATED SOUTH DEARBORN STREET, PART OF BLOCK 4 AND PART OF THE VACATED ALLEY IN SAID BLOCK 4, IN THE SUBDIVISION OF BLOCK 17 IN CANAL TRUSTEE'S SUBDIVISION AFORESAID, ALL IN SECTION 33, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JUNE 21, 2011, AS DOCUMENT 1117245033, IN COOK COUNTY, ILLINOIS.

Commonly known as: 4-10 West 37<sup>th</sup> Street, Chicago, Illinois

P.I.N.s:           17-33-408-068-0000 (part of)  
                      17-33-408-069-0000 (part of)  
                      17-33-408-070-0000 (part of)

**BUILDING J:**

LOTS 46 THROUGH 51, BOTH INCLUDED, AND THE VACATED ALLEY LYING BETWEEN SAID LOTS, IN FREEMAN'S ADDITION TO CHICAGO, BEING THE 10 ACRES NEXT TO AND ADJOINING THE NORTH 20 ACRES OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 34, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, AND ALSO LOT 24, EXCEPT THE EAST 25 FEET, IN E. SMITH'S SUBDIVISION OF THE SOUTH 10 ACRES OF THE NORTH HALF OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 34, ALL IN COOK COUNTY, ILLINOIS.

Commonly known as: 3633-3647 South State Street, Chicago, Illinois

P.I.N.s:           17-34-306-004-0000  
                      17-34-306-015-0000  
                      17-34-306-049-0000  
                      17-34-306-050-0000  
                      17-34-306-051-0000  
                      17-34-306-052-0000



**PARK BOULEVARD IIB RENTAL PROJECT  
REDEVELOPMENT AGREEMENT**

**EXHIBIT C**

**PROJECT BUDGET and DRAW SCHEDULE**

A project budget and draw schedule is attached to this exhibit cover sheet.

**COOK COUNTY**  
**RECORDER OF DEEDS**  
**SCANNED BY \_\_\_\_\_**

**PARK BOULEVARD IIB  
PROJECT BUDGET**

Line Item	Amount
Land Cost	962,278
Transfer Stamps	7,698
<b>Acquisition Costs Subtotal</b>	<b>969,976</b>
Net Construction Costs	27,280,607
General Conditions	1,636,836
Overhead	545,612
Profit	1,636,836
<b>Construction Costs Subtotal</b>	<b>31,099,891</b>
Furniture, Fixtures, & Equip't	20,000
Building Permits	175,635
Contingency	1,364,030
<b>Other Construction Subtotal</b>	<b>1,559,665</b>
Soil Testing	173,000
Other Environmental	70,000
<b>Environmental Subtotal</b>	<b>243,000</b>
Construction	460,959
Contingency	23,048
<b>Commercial Subtotal</b>	<b>484,007</b>
Architect - Design	1,876,459
Architect - Supervision	365,000
Engineering Fees	244,219
Blueprints & Reproductions	7,000
PNA Report	27,600
As-Is Plats & Surveys	22,000
Accountant -	24,000
Legal - Organizational	265,712
Legal - Syndication	35,000
Appraisal	10,500
Market Study	10,000
Phase I Environ. Report	10,000
Title & Recording Fees	43,225
Other Professional Fees	276,014
<b>Professional Fees Subtotal</b>	<b>3,216,729</b>
Tax Credit Issuer Fees	120,129
Construction Points	198,577
Perm Loan Points	15,000
Construction Inspection	25,000
Architect Fee	50,000
Lender Legal Fees	225,000
Construction Interest	912,497
Other Lender Fees	20,000
<b>Lender Fees Subtotal</b>	<b>1,566,203</b>
<b>Construction Period R.E. Taxes and Insurance Subtotal</b>	<b>225,000</b>
<b>Marketing &amp; Leasing Subtotal</b>	<b>30,000</b>
<b>Developer Fee Subtotal</b>	<b>2,399,900</b>
<b>Reserves Subtotal</b>	<b>923,740</b>
<b>Grand Total Dev Costs</b>	<b>42,718,111</b>

DRAW SCHEDULE  
Park Boulevard Phase 2B

CONSTRUCTION PERIOD

DRAW SCHEDULE - Park Boulevard Phase 2B

Sources of Funds	Total Project Budget	Admission													Completion				
		Closing - Draw 0 12/16/13	Draw 1 1/1/14	Draw 2 2/1/14	Draw 3 3/1/14	Draw 4 4/1/14	Draw 5 5/1/14	Draw 6 6/1/14	Draw 7 7/1/14	Draw 8 8/1/14	Draw 9 9/1/14	Draw 10 10/1/14	Draw 11 11/1/14	Draw 12 12/1/14		Draw 13 1/1/15	Draw 14 2/1/15		
Permanent Debt - US Bank	1,000,000																1,000,000		
Capital Funds	11,450,000																		
DIC Loan	549,270	549,270																	
SP Capital	10,100	10,100																	
UMTC Equip - Enterprise	23,000,000	2,135,344	835,251	636,053	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bridge Loan - US Bank	19,898,167																		
<b>TOTAL SOURCES</b>	<b>37,851,257</b>	<b>2,684,714</b>	<b>835,353</b>	<b>744,318</b>	<b>853,456</b>	<b>1,391,841</b>	<b>2,043,783</b>	<b>2,250,880</b>	<b>2,462,386</b>	<b>3,082,031</b>	<b>3,600,511</b>	<b>3,854,678</b>	<b>3,557,172</b>	<b>2,858,448</b>	<b>2,644,988</b>	<b>1,760,858</b>	<b>1,402,803</b>		
<b>Uses of Funds</b>																			
<b>Acquisition Costs</b>																			
Building Cost	852,270																		
Land Cost	0																		
Relocation Costs	0																		
Carrying Costs	0																		
Transfer Sumas	2,688	2,688																	
Insurance	0																		
Security	0																		
Legal	0																		
Other Acquisition	0																		
<b>Construction Costs</b>																			
General Conditions	1,836,836	338,000	215,000	30,884.90	22,971.15	36,345.80	47,429.57	58,764.01	68,870.22	82,349.22	96,218.80	100,153.74	94,485.12	78,012.24	66,348.58	45,015.27	31,882.78		
Overhead	545,612	0	0	10,716	14,459	23,006	28,872	37,617	43,349	51,833	60,563	64,928	58,472	48,105	43,649	26,372	16,942		
Profit	1,836,836	0	0	32,148	43,376	69,017	89,617	112,952	130,047	155,299	181,569	194,783	178,415	127,315	130,347	85,115	59,628		
Other Construction	20,000																		
Furniture, Fixtures & Equip	0																		
Building Permits	79,612	79,612																	
Bond Premium / Occ Fees	0																		
Open Space Fees	0																		
Fencing	0																		
Landscaping	0																		
Pathways	0																		
Site Prep	0																		
Contingency - Minor Spillage	250,000																		
Contingency - Residential	1,174,000		17,824	21,880	28,322	46,973	60,992	76,807	89,510	105,833	123,557	132,570	121,426	100,283	89,122	27,830	20,718		
<b>Infrastructure</b>																			
Streets	0																		
Electrical & Gas	0																		
Sanitary	0																		
Public Parks & Landscaping	0																		
Sanitary & Water	0																		
Other Infrastructure	0																		
Contingency	0																		
<b>Environmental</b>																			
Underground Storage Tanks	0																		
Soil Testing	174,000		57,667	57,667	57,667														
Lead Based Paint Removal	0																		
Asbestos Removal	0																		
Other Environmental	70,000		2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667	2,667
<b>Commercial</b>																			
Construction	460,553		17,578	9,061	12,715	18,436	25,236	31,781	38,522	43,761	51,168	54,841	50,245	41,485	36,877	23,870	16,848		
Contingency - Commercial	23,000		988	988	988	988	988	988	988	988	988	988	988	988	988	988	988	988	988
Legal	0																		
Accounting	0																		
Reserves	0																		
Contingency	0																		
Other Commercial	0																		
<b>Professional Fees</b>																			
Architect - Design	187,488	455,248																	
Architect - Super/Int	365,000		22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813	22,813
Engineering Fees	242,218	130,130																	
Blueprints & Reproductions	7,000	7,000																	
PNA Report	27,600	27,600																	
Cost Estimate	0																		
Cost Print & Submit	22,000	15,500																	
Accountant - Tax Preparation	9,000	0																	
Accountant - 850P	0	0																	
Accountant - General	7,000	7,000																	
Legal - Organizational	285,712	285,712																	
Legal - Syndication	38,000	22,794																	
Consultant - Historic	0	0																	
Consultant - Financial	0	0																	
Consultant - IT	0	0																	
Specialist - IT	10,500	8,315																	
Market Study	10,000	5,500																	
Phase I Environ Report	10,000	10,000																	
Phase II Environ Report	0	0																	
Title & Recording Fees	43,225	42,513																	

DRAW SCHEDULE  
Park Boulevard Phase 2B

DRAW SCHEDULE - Park Boulevard Phase 2B

Admission

CONSTRUCTION PERIOD

Completion

Total Project Budget	Closing - Draw 0	Draw 1	Draw 2	Draw 3	Draw 4	Draw 5	Draw 6	Draw 7	Draw 8	Draw 9	Draw 10	Draw 11	Draw 12	Draw 13	Draw 14	Draw 15	
Other Professional Fees	275,012	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Leasehold Improvements	120,728	120,728	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Construction Points	198,577	198,577	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Construction Inspection	25,000	0	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	1,563	
Architect Fee	30,000	30,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Loan Fees	223,500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Construction Period Costs	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Liability Insurance	80,000	80,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Hazard Insurance	85,000	85,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Real Estate Taxes	80,000	80,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Marketing Expenses	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Marketing & Leasing	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Leasing Expenses	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Advertising	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Model Units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Marketing & Leasing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Tenant Relocation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Front Office	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Signage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Shipping Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Tenant Relocation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Developer Fee	427,159	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Developer Fee	427,159	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Construction Admin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Services & Consulting	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Project Management Consulting	300,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Reserves	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Lease-Up Reserve	100,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
ACC Reserve	258,740	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Insurance Reserve	80,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Property Tax Reserve	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Operation Reserve	20,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Replacement Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Investor Services Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Tenant Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Job Training & Placement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Day Care Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Tenant Services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Bridge Loan Repayment (Principal + Interest)	15,896,167	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Funds Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total	37,937,237	2,685,714	835,353	744,316	953,466	1,391,811	2,043,783	2,250,980	2,582,398	3,082,091	3,800,911	3,864,678	3,557,172	2,858,419	2,644,995	1,760,958	1,402,803

\* See "CHA Pre-Dev't Loan tab in Owner's Sworn Statement for detailed break down

	Admission	Draw 1	Draw 2	Draw 3	Draw 4	Draw 5	Draw 6	Draw 7	Draw 8	Draw 9	Draw 10	Draw 11	Draw 12	Draw 13	Draw 14	Draw 15
Cash (non-deferred) Developer Fee Pay-In %'s	20.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative %	20.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity Pay-In %'s	16.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative %	15.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parm Only Sources:	42,718,111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parm Only Uses:	42,718,111	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus / (Gap):	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
US Bank Construction Loan Interest:	Rate = 30day LIBOR + 275bp = 2.93%	+ 102bp hedge = 3.950%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Monthly Draw:	0	0	0	0	0	0	0	0	982,832	1,100,511	3,864,678	3,557,172	1,459,449	2,644,995	1,760,958	293,803
Repayment:	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing Balance:	0	0	0	0	0	0	0	0	982,832	2,066,512	5,937,993	9,514,711	11,005,479	13,686,701	15,492,710	15,837,510
Monthly Interest Charge:	-	-	-	-	-	-	-	-	3,169	6,802	19,546	31,319	36,226	45,052	50,937	52,132
Cumulative Interest Charges:	-	-	-	-	-	-	-	-	3,169	9,972	29,517	60,837	97,063	142,115	193,112	245,244

DRAW SCHEDULE  
Park Boulevard Phase 2B

DRAW SCHEDULE - Park Boulevard Phase 2B

Sources of Funds	Total Project Budget	POST CONSTRUCTION PERIOD												Total Project Budget	Budget Variance			
		D.O.																
		Draw 16 4/1/15	Draw 17 5/1/15	Draw 18 6/1/15	Draw 19 7/1/15	Draw 20 8/1/15	Draw 21 9/1/15	Draw 22 10/1/15	Draw 23 11/1/15	Draw 24 12/2/15	Draw 25 1/1/16	Draw 26 2/1/16	Draw 27 3/1/16					
State of Florida	1,000,000																	
Federal	11,500,000																	
Local	5,000,000																	
Private	5,000,000																	
Other	1,500,000																	
<b>Total</b>	<b>24,000,000</b>																	
Construction Costs	21,200,000																	
Professional Fees	1,500,000																	
Contingency	1,300,000																	
Interest	1,000,000																	
Other	500,000																	
<b>Total</b>	<b>25,500,000</b>																	
<b>Budget Variance</b>	<b>-1,500,000</b>																	

DRAW SCHEDULE  
Park Boulevard Phase 2B

DRAW SCHEDULE - Park Boulevard Phase 2B

Total Project Budget	POST-CONSTRUCTION PERIOD														Stab'n, Perm Conv, 8609	Total Project Budget	Project variance
	Q.O.																
	Draw 16 4/1/15	Draw 17 5/1/15	Draw 18 6/1/15	Draw 19 7/1/15	Draw 20 8/1/15	Draw 21 9/1/15	Draw 22 10/1/15	Draw 23 11/1/15	Draw 24 12/1/15	Draw 25 1/1/16	Draw 26 2/1/16	Draw 27 3/1/16	Draw 28 4/1/16				
276,014															276,014	0	
Linear Professional Fees																0	
Linear P&E	120,125														120,125	0	
Linear Credit Fees	130,125														130,125	0	
Application Fees	0														0	0	
Construction Points	198,577														198,577	0	
Perm Loan Points	15,000														15,000	0	
Construction Inspection	25,000	1,563													25,000	0	
Architect Fee	30,000														30,000	0	
Landscaping Fee	224,000														224,000	0	
Landscaping Fee	224,000														224,000	0	
Other	0														0	0	
Bond - Rating Agency	0														0	0	
Bond - Trustee	0														0	0	
Bond - Underwriter	0														0	0	
Bond - Underwriter's Counsel	0														0	0	
Bond - Bond Counsel	0														0	0	
Bond - Other	0														0	0	
Construction Period Costs	812,487														812,487	0	
Other Landscaping	20,000														20,000	0	
Liability Insurance	60,000														60,000	0	
Hazard Insurance	85,000														85,000	0	
Real Estate Taxes	80,000	20,000													80,000	0	
Utility Operations	0														0	0	
Other Construction	0														0	0	
Marketing & Leasing	0														0	0	
Leasing Personnel	15,000														15,000	0	
Advertising	15,000	1,750													15,000	0	
Model Units	0														0	0	
Other Marketing & Leasing	0														0	0	
Tenant Relocation	0														0	0	
Leasehold Improvements	0														0	0	
Leasing Expenses	0														0	0	
Moving Expenses	0														0	0	
Other Tenant Relocation	0														0	0	
Developer Fee	0														0	0	
Developer Fee	1,427,159														1,427,159	0	
Construction	0														0	0	
Construction	0														0	0	
Salaries & Overhead	0														0	0	
Project Management	300,000														300,000	0	
Reserves	0														0	0	
Lease-Up Reserve	109,000														109,000	0	
ACK Reserve	258,740														258,740	0	
Insurance Reserve	80,000														80,000	0	
Property Reserve	50,000														50,000	0	
Operating Reserve	415,000														415,000	0	
Investor Services Fee	0														0	0	
Tenant Services	0														0	0	
Job Training & Placement	0														0	0	
Day Care Services	0														0	0	
Other Tenant Services	0														0	0	
Bridge Loan Repayment (Principal + Interest)	15,886,167														15,886,167	0	
Funds Balance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
* See "CHA Pre-Dev't Loan Inv in Developer's Sworn Statement for detailed break down																	
Cash (non-deferred) Developer Fee Pay-in %s															30.00%	50.00%	
Cumulative %															50.00%	100.00%	
Equity Pay-in %s															0.00%	84.55%	
Cumulative %															15.00%	99.55%	
Perm Only Sources:	42,718,111																
Perm Only Uses:	42,718,111																
Surplus / (Gap):	0																
US Bank Construction Loan Interest:																	
Monthly Dmnc Repayment	100,502	58,493	58,855	57,219	57,585	547,714	56,437	56,809	57,185	57,562	79,012	58,385	57,185	14,973,670	Bridge Loan Pr		
Closing Balance	15,990,144	16,209,120	16,209,120	16,319,694	16,430,998	17,032,798	17,145,301	17,258,547	17,372,541	17,487,287	17,623,862	17,740,269	15,886,167	912,497	Bridge Loan Int		
Monthly Interest Charge:	52,634	52,983	53,355	53,719	54,085	56,066	56,437	56,809	57,185	57,562	58,012	58,385	0	16,799,664	Final Repayme		
Cumulative Interest Charges:	297,878	350,871	404,226	457,945	512,031	568,097	624,534	681,343	738,528	798,090	854,102	912,497	0	0	(0) variance		

**PARK BOULEVARD IIB RENTAL PROJECT  
REDEVELOPMENT AGREEMENT**

**EXHIBIT D**

**TIF-FUNDED IMPROVEMENTS**

Acquisition	\$ 962,278
Construction Hard Costs of Low-Income Units	\$10,222,649
Environmental	\$ 243,000
Architecture & Engineering	\$ 1,634,103
<hr/>	
Total	\$13,062,030*

\*Notwithstanding the total above, the maximum amount of TIF-monies paid to the Developer will not exceed \$5,000,000.

**PARK BOULEVARD IIB RENTAL PROJECT  
REDEVELOPMENT AGREEMENT**

**EXHIBIT L**

**PRIOR TIF OBLIGATIONS**

1. Park Boulevard Project Redevelopment Agreement dated as of November 1, 2005 and recorded November 30, 2005 as Document #0533418114, and First Amendment to Park Boulevard Project Redevelopment Agreement dated as of September 1, 2009 and recorded November 2, 2009 as Document #0930611085 pledging maximum of \$8,390,000 in incremental taxes from 35<sup>th</sup>/State TIF Redevelopment Area.
2. Townsend Chicago, LLC Redevelopment Agreement dated as of January 31, 2006 and recorded February 2, 2006 as Document #0603343326 pledging maximum of \$13,400,000 in incremental taxes from 35<sup>th</sup>/State TIF Redevelopment Area.
3. 5% City Fee.



CITY OF CHICAGO, ILLINOIS  
35TH/STATE  
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2013

CITY OF CHICAGO, ILLINOIS  
35TH/STATE REDEVELOPMENT PROJECT

C O N T E N T S

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## 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 35th/State Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

The financial statements present only the 35th/State 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, 2013, 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.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 35th/State Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The Schedule of Expenditures by Statutory Code is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Bansley and Kiener, L.L.P.*  
Certified Public Accountants

June 30, 2014

CITY OF CHICAGO, ILLINOIS  
35TH/STATE REDEVELOPMENT PROJECT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)

As management of the 35th/State 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, 2013. 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 position 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 position and how they have changed. Net position – 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  
35TH/STATE 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 \$574,320 for the year. This was a decrease of 56 percent over the prior year. The change in net position produced a decrease in net position of \$339,407. The Project's net position decreased by 8 percent from the prior year making available \$3,967,463 of funding to be provided for purposes of future redevelopment in the Project's designated area. Revenues decreased this year due to the Project's redevelopment plan of land acquisition, removing dilapidated or deteriorating structures and accordingly decreasing the total equalized assessed value of parcels and subsequent tax increment and related collections. Expenses decreased this year due to the Project's formulation of a redevelopment plan or necessary funding was not substantially complete or available.

CITY OF CHICAGO, ILLINOIS  
35TH/STATE REDEVELOPMENT PROJECT

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

Government-Wide

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 4,346,851	\$ 6,592,377	\$ (2,245,526)	-34%
Total liabilities	<u>379,388</u>	<u>2,285,507</u>	<u>(1,906,119)</u>	-83%
Total net position	<u>\$ 3,967,463</u>	<u>\$ 4,306,870</u>	<u>\$ (339,407)</u>	-8%
Total revenues	\$ 579,897	\$ 1,307,518	\$ (727,621)	-56%
Total expenses	<u>919,304</u>	<u>2,806,878</u>	<u>(1,887,574)</u>	-67%
Other financing uses	<u>-</u>	<u>334,000</u>	<u>(334,000)</u>	-100%
Changes in net position	<u>(339,407)</u>	<u>(1,833,360)</u>	<u>1,493,953</u>	81%
Ending net position	<u>\$ 3,967,463</u>	<u>\$ 4,306,870</u>	<u>\$ (339,407)</u>	-8%

CITY OF CHICAGO, ILLINOIS  
35TH/STATE REDEVELOPMENT PROJECT

STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET  
DECEMBER 31, 2013

<u>ASSETS</u>	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and investments	\$ 2,938,297	\$ -	\$ 2,938,297
Property taxes receivable	1,403,000	-	1,403,000
Accrued interest receivable	<u>5,554</u>	<u>-</u>	<u>5,554</u>
Total assets	<u>\$ 4,346,851</u>	<u>\$ -</u>	<u>\$ 4,346,851</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Vouchers payable	\$ 261,025	-	261,025
Due to other City funds	33,220	-	33,220
Other accrued liability	<u>85,143</u>	<u>-</u>	<u>85,143</u>
Total liabilities	<u>379,388</u>	<u>-</u>	<u>379,388</u>
Deferred inflows	<u>1,350,591</u>	<u>(1,350,591)</u>	<u>-</u>
<u>FUND BALANCE/NET POSITION</u>			
Fund balance:			
Restricted for future redevelopment project costs	<u>2,616,872</u>	<u>(2,616,872)</u>	<u>-</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 4,346,851</u>		
Net position:			
Restricted for future redevelopment project costs		<u>3,967,463</u>	<u>3,967,463</u>
Total net position		<u>\$ 3,967,463</u>	<u>\$ 3,967,463</u>

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

Total fund balance - governmental fund	\$ 2,616,872
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.	<u>1,350,591</u>
Total net position - governmental activities	<u>\$ 3,967,463</u>

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



CITY OF CHICAGO, ILLINOIS  
35TH/STATE REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 1,348,284	\$ (773,964)	\$ 574,320
Interest	5,577	-	5,577
Total revenues	1,353,861	(773,964)	579,897
Expenditures/expenses:			
Economic development projects	919,304	-	919,304
Excess of revenues over expenditures	434,557	(434,557)	-
Change in net position	-	(339,407)	(339,407)
Fund balance/net position:			
Beginning of year	2,182,315	2,124,555	4,306,870
End of year	<u>\$ 2,616,872</u>	<u>\$ 1,350,591</u>	<u>\$ 3,967,463</u>

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

Net change in fund balance - governmental fund	\$ 434,557
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.	<u>(773,964)</u>
Change in net position - governmental activities	<u>\$ (339,407)</u>

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

CITY OF CHICAGO, ILLINOIS  
35TH/STATE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In January 2004, the City of Chicago (City) established the 35th/State 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 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 Government Accounting Standards Board (GASB). Effective January 2013, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, standardized the presentation of deferred outflows and inflows of resources and their effect on the Project's net position. The financial impact resulting from the implementation of GASB Statement No. 63 is primarily the change in terminology from Net Assets to Net Position. In addition, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, was implemented to establish accounting and financial reporting standards that reclassify as deferred inflows of resources, certain items that were previously reported as liabilities and recognizes, as inflows of resources, certain items that were previously reported as liabilities.

Previously, GASB Statement No. 34 (as amended) was implemented and included the following presentation:

- 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.

CITY OF CHICAGO, ILLINOIS  
35TH/STATE 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 Position*

*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.

*Deferred Inflows*

Deferred inflows represent deferred property tax revenue amounts to be recognized as revenue in future years in the governmental fund financial statements.

*Capital Assets*

Capital assets are not capitalized in the governmental fund but, instead, are charged as current expenditures when purchased. The Government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) 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 fund 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.

CITY OF CHICAGO, ILLINOIS  
35TH/STATE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS  
(Concluded)

Note 2 – 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.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS  
35TH/STATE 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	\$ 35,678
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	622,601
Costs of construction of new housing units for low income and very low income households	<u>261,025</u>
	<u><u>\$ 919,304</u></u>



O'HARE PLAZA  
8745 WEST HIGGINS ROAD  
SUITE 200  
CHICAGO, ILLINOIS 60631  
TEL: (312) 263-2700  
FAX: (312) 263-6935  
WWW.BK-CPA.COM

INDEPENDENT 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 financial statements of 35th/State Redevelopment Project of the City of Chicago, Illinois, which comprise the statement of net position and governmental fund balance sheet as of December 31, 2013, and the related statement of activities and governmental fund revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated June 30, 2014.

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 35th/State Redevelopment Project of the City of Chicago, Illinois.

However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Project's noncompliance with the above referenced regulatory provisions, insofar as they relate to accounting matters.

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 30, 2014