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WE HEREBY CERTIFY THAT THIS COPY IS A TRUE AND ACCURATE COPY OF THE ORIGINAL DOCUMENT.

JE Carl
NEAR NORTH NATIONAL TITLE CORPORATION

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*N9700422 and N9700422A
Carl Co. Jr*

PETSMART, INC. REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO

AND

PETSMART, INC.

This agreement was prepared by and after recording return to:
Paul Davis, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 511
Chicago, IL 60602

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

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This agreement was prepared by and
after recording return to:
Paul Davis, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 511
Chicago, IL 60602

PETSMART, INC. REDEVELOPMENT AGREEMENT

This Petsmart, Inc., Redevelopment Agreement (this "Agreement") is made as of this 8th day of August, 1997, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and PETSMART, INC., a Delaware corporation (the "Developer").

RECITALS

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

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (1992 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 pursuant to the Act, the City Council of the City (the "the City Council")

adopted the following ordinances on June 10, 1996: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the West Grand Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the West Grand Redevelopment Project Area a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the West Grand Redevelopment Project Area" (the "TIF Adoption Ordinance"), (collectively referred to herein as the "TIF Ordinances"). The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Developer has purchased (the "Acquisition") certain property located within the Redevelopment Area at 6601-6647 West Grand Avenue and 2371-2379 North Normandy Avenue, Chicago, Illinois 60635 and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall demolish, or cause to be demolished, existing improvements on the Property and commence and complete, or cause to be commenced and completed, construction of an approximately 26,040 square foot commercial/retail facility (the "Facility") thereon. The demolition of existing improvements on the Property and the construction of the Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago West Grand Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (the "Redevelopment Plan") attached hereto as Exhibit D, as amended from time to time.

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

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

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

"Bond(s)" shall have the meaning set forth for such term in Section 8.05 hereof.

"Bond Ordinance" shall mean the City ordinance authorizing the issuance of Bonds.

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

"City Fee" shall mean the fee described in Section 4.05(b) hereof.

"City Funds" shall mean the funds described in Section 4.03(b) hereof.

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

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

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

"Corporation Counsel" shall mean the City's Office of Corporation Counsel.

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and

Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

"Equity" shall mean funds of the Developer (other than funds derived from Lender Financing, but including funds borrowed by the Developer, or caused to be borrowed by the Developer, which are to be used in connection with the Project but the repayment of which is not secured by the Project) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns) or Section 4.03(b).

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

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

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

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

"First Construction Disbursement" shall mean the first disbursement from the Escrow subsequent to the Closing Date related to demolition, construction or development costs.

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

"Ground Lease" shall have the meaning set forth in Section 18.18 hereof.

"Ground Lessee" shall have the meaning set forth in Section 18.18 hereof.

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

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

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

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

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

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

"Northlake" shall mean Northlake Development Company, an Illinois corporation.

"Operating Lease" shall have the meaning set forth in Section 18.18 hereof.

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

"Plans and Specifications" shall mean construction documents containing an initial site plan and initial working drawings and specifications for the Project.

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

"Project Budget" shall mean the budget attached hereto as Exhibit H, showing the total cost of the Project by line item,

furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

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

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

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

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

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on June 10, 2019, the date on which the Redevelopment Area is no longer in effect.

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

"Title Company" shall mean Near North National Title Corporation.

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

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

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

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

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications: (i) commence construction or demolition no later than September 1, 1997 (unless otherwise approved by DPD); and (ii) complete construction and conduct business operations therein no later than July 1, 1998.

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

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Four Million Three Hundred Fifty-Nine Thousand Dollars (\$4,359,000). The Developer hereby certifies to the City that (a) it has Lender Financing and Equity in an amount sufficient to pay for all Project Costs; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. 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 delivered by the Developer to the City concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Orders that would authorize or cause any of the following to occur must be submitted by the Developer to DPD for DPD's prior written approval: (a) a reduction in the total square footage of the Project, (b) the change of the proposed use of the Project to a use other than a commercial/retail facility, or

(c) a delay in the completion of the Project. The Developer shall not authorize or permit the performance of any work relating to any Change Order requiring DPD's prior written approval or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD'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 Incremental Taxes which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer.

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

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

3.07 Progress Reports and Survey Updates. Until the issuance by DPD of a Certificate, the Developer shall provide DPD with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04). The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Property.

3.08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DPD shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project. The inspecting architect may be the same inspecting architect engaged by the lender providing any portion of the Lender Financing for the Project, provided that the cost of such

inspecting architect's providing certifications to DPD shall be borne by the Developer.

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

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

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

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

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$4,359,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	\$1,800,000
Lender Financing	<u>2,559,000</u>
ESTIMATED TOTAL	\$4,359,000

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

4.03 City Funds.

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

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to reimburse the Developer for the costs of the TIF-Funded Improvements from Incremental Taxes deposited in the West Grand Redevelopment Project Area TIF Fund (the "City Funds"); provided, however, that the total amount of City Funds to be used to reimburse TIF-Funded Improvements shall be an amount not to exceed at any time the lesser of Eight Hundred Thousand Dollars (\$800,000) or eighteen and nine/tenths percent (18.9%) of the actual total Project costs; and, provided further, that the City Funds shall be available to reimburse costs related to TIF-Funded Improvements only so long as:

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

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

(iii) The Developer has delivered a Requisition Form to the City as provided in this Agreement; and

(iv) No Event of Default, or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred and has not been cured.

The Developer acknowledges and agrees that the City's obligation to reimburse costs related to TIF-Funded Improvements is contingent upon the fulfillment of the conditions set forth in parts (i), (ii), (iii) and (iv) above. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately. DPD shall retain the right to approve or reject, in its sole discretion, the designation of any cost in the Project Budget or in any Requisition Form as (i) a TIF-Funded Improvement or (ii) a part of the actual total Project costs.

4.04 Requisition Form. On or prior to each October 1 (or such other date as the parties may agree to), beginning in 1998 and continuing throughout the earlier of (i) the Term of the Agreement or (ii) the date that the Developer has been reimbursed in full under this Agreement, the Developer shall provide DPD with a Requisition Form, along with the documentation described therein. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than one time per year (or as otherwise permitted by DPD). On each December 1 (or such other date as may be acceptable to the parties), beginning in 1998 and continuing throughout the Term of the Agreement, the Developer shall meet with DPD to discuss the Requisition Form previously delivered.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by the Developer with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to the Developer, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) City Fee. The City may allocate the sum of Sixty Thousand Dollars (\$60,000) for payment of costs incurred by the City for the administration and monitoring of the Project. The Developer shall not be required to pay such fee, and such fee shall be disbursed (in an amount not to exceed \$20,000 per year) from the West Grand Redevelopment Project Area TIF Fund prior to the disbursement of City Funds to reimburse the Developer hereunder for TIF-Funded Improvements.

(c) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$50,000 or \$250,000 in the aggregate, may be made without the prior written consent of DPD.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, the Developer shall be solely responsible for such excess costs, and shall hold the City harmless from any and all costs and

expenses of completing the TIF-Funded Improvements in excess of City Funds.

SECTION 5. CONDITIONS PRECEDENT

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

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

5.02 Scope Drawings and Plans and Specifications. The Developer shall have submitted to DPD, and DPD shall have approved, the Scope Drawings and Plans and Specifications accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. Not less than five (5) days prior to the First Construction Disbursement, the Developer shall have secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and shall submit evidence thereof to DPD.

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer shall have furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with the Equity set forth in Section 4.01) to complete the Project. Upon the execution of the Ground Lease and the Operating Lease, the Developer shall deliver to DPD certified fully executed copies of such documents.

5.05 Acquisition and Title. On the Closing Date, the Developer shall furnish the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit G hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.0 with parking), contiguity, location, access and survey. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not

addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. Not less than five (5) business days prior to the Closing Date, the Developer, at its own expense, shall have provided the City with current searches under the Developer's name as follows:

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

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

5.07 Surveys. Not less than five (5) business days prior to the Closing Date, the Developer shall have furnished the City with three (3) copies of the Survey.

5.08 Insurance. The Developer, at its own expense, shall have insured the Property in accordance with Section 12 hereof. At least five (5) business days prior to the Closing Date, certificates required pursuant to Section 12 hereof evidencing the required coverages shall have been delivered to DPD.

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

5.10 Evidence of Prior Expenditures. Not less than twenty (20) business days prior to the Closing Date, the Developer shall have provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.11 Financial Statements. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided

Financial Statements to DPD for its fiscal year ended February 2, 1997 and audited or unaudited interim financial statements.

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

5.13 Environmental. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided DPD with copies of that certain phase I environmental audit completed with respect to the Property. Based on the City's review thereof, the City may, in its sole discretion, require the completion of a phase II environmental audit with respect to the Property prior to the Closing Date. The City reserves the right to terminate negotiations with respect to this Agreement if, in the City's view, such audits reveal the existence of material environmental problems. Prior to the Closing Date, the Developer shall provide the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Corporate Documents. The Developer shall provide a copy of its Articles or Certificate of Incorporation containing the original certification of the Secretary of State of its state of incorporation; certificates of good standing from the Secretary of State of its state of incorporation and of the State of Illinois; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such other corporate documentation as the City may request.

5.15 Litigation. The Developer shall provide to Corporation Counsel and DPD, at least ten (10) business days prior to the Closing Date, a description of all pending or threatened litigation or administrative proceedings involving the Developer (i) which has been included in the Developer's Annual Report on Form 10-K filed with the Securities Exchange Commission with respect to the most recent fiscal year of the Developer, or any Form 8-K so filed since the end of such fiscal year, or (ii) which involve the City of Chicago.

5.16 Preconditions of Disbursement. Prior to each disbursement of City Funds hereunder, the Developer shall submit to DPD a Requisition Form, together with documentation, in form and content satisfactory to DPD in its sole discretion, establishing (i) that all costs relating to the Project for which reimbursement is or will be requested are Redevelopment Project Costs and (ii) that the Developer has paid for all such costs. Delivery by the Developer to DPD of any request of disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) the total amount of the disbursement request represents the actual amount 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 Lender Financing, if any; (ii) the undisbursed Equity and (iii) 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 City or the escrow agent, 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 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, the Bonds, if any, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. (a) Except as set forth in Section 6.01(b) below, or as otherwise approved by DPD, prior to entering into an

agreement with a General Contractor or any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with, and having an office located in, the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. (i) For the TIF-Funded Improvements, the Developer shall select the General Contractor (or shall cause the General Contractor to select the subcontractor) submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer selects a General Contractor (or the General Contractor selects any subcontractor) submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. (ii) For Project work other than the TIF-Funded Improvements, if the Developer selects a General Contractor (or the General Contractor selects any subcontractor) who has not submitted the lowest responsible bid, the difference between the lowest responsible bid and the higher bid selected shall be subtracted from the actual total Project costs for purposes of the calculation of the amount of City Funds to be contributed to the Project pursuant to Section 4.03(b) hereof. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

(b) If, prior to entering into an agreement with a General Contractor for construction of the Project, the Developer does not solicit bids pursuant to Section 6.01(a) hereof, then the fee of the General Contractor proposed to be paid out of City Funds shall be limited to 10% of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit bids from all subcontractors.

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

such contract together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. Prior to commencement of construction for any work for the Project relating to construction in the public way, the Developer shall require that the General Contractor be bonded for its performance and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. The City shall be named as obligee or co-obligee on such bond.

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

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

SECTION 7. COMPLETION OF CONSTRUCTION

7.01 Certificate of Completion of Construction. Upon completion of the construction portion of the Project in accordance with the terms of this Agreement and after the final disbursement from the Escrow, and upon the Developer's written request, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the construction portion of the Project in accordance with the terms of this Agreement. DPD shall respond to the Developer's written request for a Certificate within thirty (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 the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction portion of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all

representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

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

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

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

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

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

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

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

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

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

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

(c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary corporate action, and does not and will not violate its Articles of Incorporation or by-laws as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) unless otherwise permitted pursuant to the terms of this Agreement (including Section 18.18 hereof), the Developer has acquired and shall maintain good, indefeasible and merchantable fee simple title to the Property free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

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

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

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

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

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

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business or as otherwise permitted pursuant to this Agreement; (3) enter into any transaction outside the ordinary course of the Developer's business which would materially adversely affect the ability of the Developer to perform its obligations hereunder; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity which would materially adversely affect the ability of the Developer to perform its obligations hereunder; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition; and

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

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

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

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

8.05 Other Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Project, the proceeds of which are to be used to reimburse the City for expenditures made in connection with the TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Job Creation and Retention; Covenant to Remain in Operation. Not less than forty (40) full-time equivalent, permanent jobs shall be created by the Developer at the Project within two years of the completion of the Facility and such jobs shall be retained for the Term of the Agreement. The Developer hereby covenants and agrees to maintain its operations within the City of Chicago through June, 2019; provided, that if at any time over twenty percent (20%) of the square footage in the Facility is vacant, the Developer shall have one year from the date such vacancy level occurs to locate a tenant who will occupy the Facility such that at least eighty percent (80%) of the square footage of the Facility will be occupied; provided, further, that only a tenant who is occupying the Facility pursuant to a lease which provides for a minimum lease term of one year shall be considered in calculating whether the occupancy threshold is met (such a tenant is referred to herein as a "Replacement Tenant"). The Developer shall promptly notify DPD of the identity of any Replacement Tenant. In the event that the occupancy level of the Facility remains below eighty percent (80%) for over one year, then the City may suspend reimbursement of Incremental Taxes to the Developer hereunder beginning at the end of such one year period and until such time as the occupancy level of the Facility again exceeds eighty percent (80%). The Developer shall notify the City in writing of the date on which over twenty percent (20%) of the square footage in the Facility is vacant, and such one year period shall begin to run on a date agreed to by DPD. The Developer hereby agrees that the types of uses permitted in the Facility shall be of a retail and/or commercial nature found in first class retail and/or commercial facilities of a similar size in the City and that, without the prior written consent of DPD, the Facility shall not be subdivided or be used for any of the uses set forth on Exhibit M attached hereto. The City may also suspend

reimbursement of City Funds if any of the following events occur: (i) the sale by Developer of the Property or a transfer of any interest of the Developer in the Property or the Facility (except for a transfer of the Facility or the Property by the Developer if, after such transfer, the Developer continues to operate the Facility pursuant to a lease which has a term until the end of the Term of the Agreement, or except as otherwise permitted pursuant to this Agreement); (ii) the destruction of the Facility such that the Facility can no longer be used as contemplated by this Agreement, if the Facility is not rebuilt by the Developer within a reasonable period of time, not to exceed a year; or (iii) upon the condemnation of the Property or the Facility. The City shall pay City Funds to a Replacement Tenant (and not the Developer) under this Agreement only if the Tenant has complied with the provisions of this Section 8.06 and has accepted an assignment of this Agreement with the consent of the City in accordance with Section 18.15 hereof. The covenants set forth in this Section shall run with the land and the improvements thereon and be binding upon any transferee of the Developer.

8.07 Employment Opportunity. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof.

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

8.09 Prevailing Wage. The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.09.

8.10 Arms-Length Transactions. Unless DPD shall have given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the

Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

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

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

8.13 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the Developer's fiscal year ended February, 1997 and each fiscal year thereafter for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

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

8.15 Non-Governmental Charges. (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

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

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal

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

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

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

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

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

8.19 Real Estate Provisions.

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

(ii) Right to Contest. The Developer shall have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.19(c) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

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

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

(b) Developer's failure to pay or discharge lien. If the Developer fails to pay any Governmental Charge or to obtain

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

(c) Real Estate Taxes.

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

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

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

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of

any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Project up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

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

(d) Insurance. In addition to the insurance required pursuant to Section 12 hereof, the Developer shall procure and maintain the following insurance:

- (i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property.
- (ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable.

8.20 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7

hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

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

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

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

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

employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

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

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

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

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

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

10.02 City Resident Construction Worker Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to

complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

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

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

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

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

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

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

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

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

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

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

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

a. Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the total Project Budget (less the acquisition price of the Property or any portion thereof, if any) shall be expended for contract participation by MBEs or WBEs:

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

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

c. Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer), or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as a General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.03. The Developer or the General Contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.

d. The Developer shall deliver quarterly reports to DPD during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DPD in determining the Developer's compliance with this MBE/WBE commitment. DPD shall have access to the Developer's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with Section 14 of this Agreement, on five (5) business days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

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

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

g. Prior to the commencement of the Project, the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

SECTION 11. ENVIRONMENTAL MATTERS

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

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or

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

SECTION 12. INSURANCE

The Developer shall procure and maintain, or cause to be procured and maintained, at its sole cost and expense, at all times throughout the Term of this Agreement (or during the construction period as specified at (b) below) and until each and every obligation of the Developer contained in the Agreement has been fully performed, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by the Developer, the General Contractor or any subcontractor:

(a) Prior to Execution and Delivery of this Agreement: At least ten (10) business days prior to the execution of this Agreement, the Developer shall procure and maintain, or cause to be procured and maintained, the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in accordance with the laws of the State of Illinois or any other applicable jurisdiction, covering all employees who are to provide a service under or in connection with this Agreement, and employer's liability coverage, with limits of not less than \$100,000.00 for each accident or illness.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage

liability. Coverage extensions shall include the following: all premises and operations, products/completed operations, independent contractors, cross liability, personal injury with no exclusion pertaining to employment and contractual obligations, and contractual liability (with no limitation endorsement). The City of Chicago, its employees, elected officials, agents and representatives are to be named as additional insureds on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Agreement.

(b) Construction: Prior to the construction of any portion of the Project, the Developer shall procure and maintain, or cause to be procured and maintained, the following kinds and amounts of insurance:

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in accordance with the laws of the State of Illinois or any other applicable jurisdiction, covering all employees who are to provide a service under or in connection with this Agreement and employer's liability coverage with limits of not less than \$500,000.00 for each accident or illness.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$5,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Coverage extensions shall include the following: all premises and operations, products/completed operations (for a minimum of two (2) years following completion of construction of the Project) explosion, collapse, underground, independent contractors, cross liability, personal injury with no exclusion pertaining to employment and contractual obligations, and contractual liability (with no limitation endorsement). The City of Chicago, its employees, elected officials, agents and representatives are to be named as additional insureds on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Agreement.

(iii) Railroad Protective Liability Insurance

When, in connection with this Agreement, any work is to be done adjacent to or on property owned by a railroad or public transit entity, the Developer shall procure and maintain, or cause to be procured and maintained, with respect to the operations that the Developer, the General Contractor or any subcontractor shall perform, Railroad Protective Liability Insurance in the name of such railroad or public transit entity. The policy shall have limits of not less than \$2,000,000 per occurrence, combined single limit, and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(iv) Automobile Liability Insurance

When any motor vehicles (owned, leased, borrowed or otherwise) are used by the Developer, the General Contractor or any subcontractor for work to be performed in connection with this Agreement, the Developer shall procure and maintain, or cause to be procured and maintained, Comprehensive Automobile Liability Insurance with limits of not less than \$2,000,000.00 per occurrence combined single limit, for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(v) All Risk Builders Risk Insurance

When the Developer, the General Contractor or any subcontractor undertakes any construction, including improvements, betterments, and/or repairs, the Developer, the General Contractor or any such subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities. Coverage extensions shall include boiler and machinery, flood including surface water backup, and collapse. The City of Chicago shall be named as loss payee.

(vi) Professional Liability

When any architects, engineers, construction managers or consultants of any kind perform work in

connection with this Agreement, Professional Liability insurance covering acts, errors or omissions shall be maintained with limits of not less than \$1,000,000.00. Coverage extensions shall include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Project. A claims-made policy that is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers Insurance

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

(viii) Contractors' Pollution Liability Insurance

When any environmental remediation work is undertaken by the Developer, the General Contractor or any subcontractor in connection with this Agreement, Contractors' Pollution Liability Insurance shall be procured with limits of not less than \$1,000,000 covering all construction and related work undertaken in connection with this Agreement. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis. The Developer, the General Contractor and any subcontractor shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transportation of Hazardous Materials.

(c) Other Provisions

(i) Delivery of certificates to City: At least five (5) business days prior to the Closing Date (unless otherwise specified) the Developer shall furnish the following certificates to DPD at City Hall, Room 1000, 121 North LaSalle Street, Chicago, Illinois 60602:

--Original certificates of insurance evidencing the required coverage, showing the City as a certificate holder and, if applicable, loss payee or additional insured, to be in force on the date of execution of this Agreement, and renewal certificates of insurance or other evidence of renewal, if the coverages have an expiration or renewal date occurring during the Term of the Agreement. Each certificate of insurance shall provide that the City is to be given sixty (60) days prior written notice in the event coverage is substantially changed, cancelled or not renewed; and

--Original City of Chicago Insurance Certificate of Coverage Form (blank form to be obtained from DPD).

The receipt of the required certificates by DPD does not constitute an agreement by the City that the insurance requirements of this Agreement have been fully met or that the insurance policies indicated on the certificates are in compliance with all requirements hereunder. The failure of the City to receive such certificates or to receive certificates that fully conform to the requirements of this Agreement shall not be deemed to be a waiver by the City of any of the insurance requirements set forth herein.

(ii) Receipt by the Developer of policies or certificates: The Developer shall advise all insurers of the insurance requirements set forth in this Agreement, and the receipt by the Developer of policies or certificates that do not conform to these requirements shall not relieve the Developer of its obligation to provide the insurance as set forth in this Agreement or required by law. Failure to comply with the insurance provisions of this Agreement constitutes an Event of Default hereunder, and the City is entitled to exercise all remedies with respect thereto. The Developer expressly understands and agrees that any coverages and limits furnished by Developer shall in no way limit the Developer's liability and responsibilities specified within this Agreement or as required by law.

(iii) The Developer shall require the General Contractor and all subcontractors to carry the insurance required herein, or alternatively, the Developer may provide the coverage on behalf of the General Contractor or any subcontractor, and if so, the evidence of insurance submitted shall so stipulate.

(iv) The Developer agrees, and shall cause its insurers and the insurers of its General Contractor and each subcontractor engaged after the date hereof in connection with the Project to agree, that all such insurers shall waive their rights of subrogation against the City.

(v) The limitations set forth in the indemnification provisions in Section 13 hereof, or any limitations on indemnities that may apply as a matter of law, shall in no way limit, reduce or otherwise affect the amounts or types of insurance required under this Agreement.

(vi) The Developer and not the City is responsible for meeting all of the insurance requirements under this Agreement and for the Project. Any insurance or self insurance programs maintained by the City shall apply in excess of and not contribute with insurance required to be provided by the Developer, General Contractor or any subcontractor under this Agreement.

Any and all deductibles or self-insured retentions on the required insurance coverages shall be borne by the Developer, General Contractor or subcontractor who is the insured under such policy, and shall not be borne by the City.

If the Developer, the General Contractor or any subcontractor desires additional coverage, higher limits of liability or other modifications for its own protection, such person or entity shall be responsible for the acquisition and cost of such additional protection.

(vii) The City of Chicago Risk Management Department maintains the right to modify or delete the insurance requirements set forth in this Agreement so long as such action does not, without the Developer's prior written consent, increase such requirements beyond that which is reasonably customary at such time.

SECTION 13. INDEMNIFICATION

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the

TIF-Funded Improvements or any other Project improvement, or (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer or (iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

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

SECTION 15. DEFAULT AND REMEDIES

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

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

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity if such failure may have a material adverse effect

on the Developer's business, property, assets, operations or condition, financial or otherwise;

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

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

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

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

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution, the effect of which would materially adversely affect the ability of the Developer to perform its obligations under this Agreement;

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

(i) the dissolution of the Developer or the death of any natural person who owns a material interest in the Developer, or the transfer by any such person to any person of any interest in the Developer; or

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

For purposes of Sections 15.01(i) and 15.01(j) hereof, a person with a material interest in the Developer shall be one owning in excess of thirty-three percent (33%) of the Developer's issued and outstanding shares of stock.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and, subject to the provisions of Section 8.06 hereof, may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer shall have failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer shall have failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer as follows:

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

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

Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

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

SECTION 17. NOTICE

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

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

With Copies To: City of Chicago
 Department of Law
 Finance and Economic Development
 Division
 121 North LaSalle Street, Room 511
 Chicago, IL 60602

If to the Developer: PETSMART, Inc.
 9601 North 27th Avenue
 Phoenix, AZ 85027

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

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended without the prior written consent of the City.

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

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

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

18.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing.

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

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

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

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

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

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances and/or the Bond Ordinance, if any, such ordinance(s) shall prevail and control.

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

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

18.14 Approval. Wherever this Agreement provides for the approval or consent of the City or DPD, or any matter is to be to the City's or DPD's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City or DPD in writing and in its sole discretion.

18.15 Assignment. Prior to the issuance by the City to the Developer of a Certificate, the Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City. Notwithstanding the issuance of such Certificates, any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Sections 8.19 (Real Estate Provisions) and 8.20 (Survival of Covenants) hereof, for the Term of the Agreement. The City shall be obligated to pay City Funds to an assignee of the Developer (or of an assignee) only if the City consents to such assignment. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein).

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or

other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder.

18.18 Ground Lease. The parties agree that, subject to the provisions of this Section 18.18, the Developer may, in its discretion, enter into a ground lease (the "Ground Lease") with Northlake, as lessee (the "Ground Lessee"), with respect to the Property. The Ground Lease may provide that the Developer may convey fee simple title to the Property to Northlake, but such conveyance shall require the consent of the City which may be conditioned, among other things, on the interests of the Developer under the Operating Lease not being impaired. The Ground Lessee shall enter into an operating lease (the "Operating Lease") with the Developer, as the lessee, with respect to the Property pursuant to which the Ground Lessee, as sublandlord, shall agree, among other things, to construct the Facility and any other improvements to the Property which are part of the Project. Neither the Ground Lease nor the Operating Lease shall be executed by the Developer prior to the City's written approval of the terms thereof; provided, that the City's approval of the terms of the Ground Lease or the Operating Lease shall not be deemed a commitment by the City to pay City Funds to Northlake. Any provision of the Ground Lease regarding the right of the Ground Lessee to acquire title to the Property shall not be exercised until the issuance of a Certificate. The Ground Lease and the Operating Lease shall each provide that the terms of the lease may not be amended without the prior written consent of the City. The City's approval of the Ground Lease or Operating Lease shall not be deemed a waiver or limitation of any of the provisions of this Agreement.

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

18.20 Approval. Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such

approval, consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

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

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

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

ATTEST:

PETSMART, INC., a Delaware corporation

By: 

By: 

Its: Chairman & CEO

Its: EXECUTIVE VICE PRESIDENT

CITY OF CHICAGO

By: _____

Commissioner, Department
of Planning and Development

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

ATTEST:

PETSMART, INC., a Delaware corporation

By: _____

By: _____

Its: _____

Its: _____

CITY OF CHICAGO

By: _____


CHRISTOPHER R. HILL, ^{re}
Commissioner, Department
of Planning and Development

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Carol A. Shipley, a notary public in and for the said County in the State aforesaid, DO HEREBY CERTIFY that Christopher R. Hill, personally known to me to be the Commissioner of the Department of Planning and Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed, sealed, and delivered said instrument pursuant to the authority given to her by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 8th day of August, 1997.

Carol A. Shipley
Notary Public

My Commission Expires 10/22/97

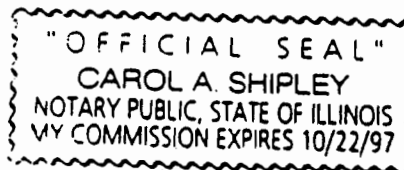


EXHIBIT **A**
LEGAL DESCRIPTION

LOT 1 IN ROBERT VOLK'S SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 9, 1927 AS DOCUMENT NO. 9836413 TOGETHER WITH PART OF LOT 1 IN OWNERS DIVISION ACCORDING TO THE PLAT THEREOF RECORDED MARCH 16, 1926 AS DOCUMENT NO. 9208703 TOGETHER WITH ADJOINING STREETS AND ALLEYS ALL IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 31 TOWNSHIP 40 NORTH RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 24 IN ROBERT VOLK'S SUBDIVISION AFORESAID; THENCE ON AN ASSUMED AZIMUTH OF 359 DEGREES 18 MINUTES 07 SECONDS ALONG THE EAST LINE OF LOT 23 AND ITS NORTHERLY EXTENSION 174.01 FEET TO THE CENTERLINE OF FULLERTON AVENUE; THENCE ON AN AZIMUTH OF 90 DEGREES 00 MINUTES 31 SECONDS ALONG SAID CENTERLINE OF FULLERTON AVENUE 545.56 FEET TO THE WEST LINE OF THE EAST 50 FEET OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 31 AFORESAID; THENCE ON AN AZIMUTH OF 179 DEGREES 18 MINUTES 04 SECONDS ALONG SAID WEST LINE 270.09 FEET TO A LINE DRAWN 10 FEET SOUTH OF AND PARALLEL WITH THE SOUTH FACE OF THE BRICK WALL OF A ONE STORY BRICK BUILDING ON LOT 1 IN OWNERS SUBDIVISION AFORESAID; THENCE ON AN AZIMUTH OF 270 DEGREES 00 MINUTES 18 SECONDS ALONG SAID LINE 366.00 FEET TO THE WEST LINE OF THE EAST 416 FEET OF THE NORTHWEST QUARTER OF SECTION 31 AFORESAID; THENCE ON AN AZIMUTH OF 359 DEGREES 18 MINUTES 07 SECONDS ALONG SAID WEST LINE 96.10 FEET TO THE NORTHEAST CORNER OF LOT 2 IN ROBERT VOLK'S SUBDIVISION AFORESAID; THENCE ON AN AZIMUTH OF 270 DEGREES 00 MINUTES 31 SECONDS ALONG SAID NORTH LINE AND ITS WESTERLY EXTENSION 179.56 FEET TO THE POINT OF BEGINNING, CONTAINING 2.986 ACRES OF LAND.

EXHIBIT

8

5. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THAT PART OF LOT 1 LYING NORTH OF A LINE DRAWN 10 FEET SOUTH OF AND PARALLEL WITH THE SOUTH FACE OF THE BRICK WALL OF A ONE STORY BRICK BUILDING SAID LINE BEING 220.18 FEET SOUTH OF THE NORTH LINE OF SAID LOT 1, AS MEASURED ON THE WEST LINE THEREOF DRAWN TO A POINT 220 FEET SOUTH OF SAID NORTH LINE OF SAID LOT 1, EXTENDED TO THE EAST LINE OF SAID LOT 1 IN OWNER'S DIVISION OF THAT PART OF THE EAST 400 FEET OF THE WEST 1/2 OF THE NORTHEAST 1/4 OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING NORTHERLY OF THE NORTHERLY LINE OF THE RIGHT OF WAY OF THE CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD AND SOUTHERLY OF THE CENTER LINE OF GRAND AVENUE EXCEPTING THEREFROM THAT PART OF THE EAST 50 FEET THEREOF DEEDED TO THE CHICAGO SUBURBAN RAILROAD, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

PERPETUAL EASEMENT APPURTENANT TO AND FOR THE USE AND BENEFIT OF PARCEL 1

AS CREATED BY AGREEMENT DATED NOVEMBER 30, 1944 AND RECORDED DECEMBER 8, 1944 AS DOCUMENT 13411811 AND ALSO CREATED BY EASEMENT GRANT IN WARRANTY DEED MADE BY DAVIES SUPPLY COMPANY TO CHICAGO METALS COMPANY SHEET AND STRIP STEEL DIVISION, DATED AUGUST 28, 1946 AND RECORDED AUGUST 29, 1946 AS DOCUMENT 13880789, OVER THE NORTH 20 FEET OF THE EAST 262 FEET LYING SOUTH OF AND ADJOINING THE SOUTH 10 FEET OF THE EAST 262 FEET OF PARCEL 1 FOR PURPOSES OF INGRESS AND EGRESS THEREFROM, IN COOK COUNTY, ILLINOIS.

5. THE LAND REFERRED TO IN THIS POLICY IS DESCRIBED AS FOLLOWS:

LOT 1 IN ROBERT VOLK'S SUBDIVISION OF THE EAST 1/2 OF LOT 1 AND LOTS 2 AND 10 IN RUTHERFORD'S OAK PARK AVENUE AND FULLERTON AVENUE SUBDIVISION OF PART OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF SECTION 31, TOWNSHIP 40 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 9, 1927 AS DOCUMENT NUMBER 9836413 IN COOK COUNTY, ILLINOIS.

CITY OF CHICAGO

WEST GRAND REDEVELOPMENT PROJECT AREA

TAX INCREMENT FINANCE PROGRAM

REDEVELOPMENT PLAN AND PROJECT

**City of Chicago
Richard M. Daley
Mayor**

March 21, 1996

**Prepared by
LOUIKSCHNEIDER & ASSOCIATES, INC.**

**REDEVELOPMENT PLAN AND PROJECT FOR
WEST GRAND REDEVELOPMENT PROJECT AREA
TAX INCREMENT FINANCING PROGRAM**

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INTRODUCTION

The West Grand Redevelopment Project Area (hereafter referred to as the "Redevelopment Project Area") is located near the western boundary of the City of Chicago, Illinois on West Grand Avenue. The Redevelopment Project Area contains two parcels with improvements and is approximately 2.98 acres. The Redevelopment Project Area is generally bounded by West Grand/West Fullerton on the north, a public alley and private roadway easement on the south, the Chicago Milwaukee and St. Paul Railroad on the east, and Normandy Avenue on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map, and the existing land uses are shown on Map 2.

The Redevelopment Project Area is adjacent to and abuts the Fullerton/Normandy TIF District along West Grand/West Fullerton Avenue. The Redevelopment Project Area shares many of the characteristics of the Fullerton/Normandy TIF District. The Fullerton/Normandy TIF District, for example, had industrial property which had been vacant for almost a decade; the Redevelopment Project Area is also characterized by vacant industrial property which is likely to remain vacant due to the evolution of the area as an emerging commercial/retail corridor.

Vacant industrial structures such as those present in the Redevelopment Project Area and the Fullerton/Normandy TIF District are in general characterized by certain conditions such as insufficient lot size, lack of ceiling height and an internal construction configuration which contribute to the structures' inefficiency for contemporary manufacturing standards. Redevelopment of this vacant industrial property for commercial use, however, requires extraordinary expenditures for demolition, environmental remediation and site preparation; these extraordinary costs result in a higher development cost per square foot and decrease the rate of return required to encourage a developer to move ahead with a proposed project.

The Redevelopment Project Area is located on the far west side of the City of Chicago and has good transportation access, particularly to nearby suburban communities. The major access to the Redevelopment Project Area is provided by Fullerton Avenue, Grand Avenue and Harlem Avenue. The Redevelopment Project Area is located within an area of the City of Chicago which now contains primarily retail and residential uses.

The Redevelopment Project Area is located within the Galewood/Montclare community which was originally settled in the late 1880s but did not grow substantially until the 1920s when the community became one of the first areas to be developed for residential use. The Galewood/Montclare community shares its southern border with Oak Park; Elmwood Park borders the community to the west.

The major north-south street, Harlem Avenue, has historically served as a commercial area. Within the last 20 years, a commercial area has also developed along Narragansett Avenue between Diversey and Fullerton Avenues. This area is the site of the largest enclosed regional shopping mall within the City of Chicago, the Brickyard Mall. Other retail centers exist throughout this area and include Brickyard Square and the newly constructed Home Depot store.

The Redevelopment Project Area contains two industrial/commercial buildings that were constructed in the 1920s. One large industrial building, owned by Paul Krone Die Cast Company and hereafter referred to as the Krone parcel, has been vacant for almost three years. Originally part of the Davies Supply Company located directly to the south, this die casting facility ceased manufacturing in January 1993 and was vacated in July 1993. The other property, a single story structure owned by Pride Car and Truck Rental and hereafter referred to as the Pride parcel, is currently used for a vehicle rental operation. Both parcels contain little, if any, paved parking areas or delivery access.

The purpose of the Redevelopment Plan is to create a mechanism to allow for the redevelopment of the existing buildings/parcels with new commercial/retail facilities. This redevelopment is expected to encourage economic revitalization within the community and surrounding area.

This Redevelopment Plan is solely the responsibility of Louik/Schneider and Associates, Inc. and does not necessarily reflect the views and opinions of potential developers or the City of Chicago. However, the City of Chicago is entitled to rely on the findings and conclusions of this plan and report in designating the Redevelopment Project Area as a redevelopment project area under the Act.

Tax Increment Allocation Redevelopment Act

An analysis of conditions within this area indicates that it is appropriate for designation as a Redevelopment Project Area under the State of Illinois tax increment financing legislation. The Redevelopment Project Area is characterized by conditions which warrant its designation as a "Conservation Area" within the definition set forth in the Tax Increment Allocation Redevelopment Act (hereafter referred to as the "Act"). The Act is found in 65 ILCS 5/11-74.4-1 et seq., as amended.

The Act provides a means for municipalities, after the approval of a "Redevelopment Plan and Project," to redevelop blighted and conservation areas by pledging the increase in tax revenues generated by public and private redevelopment. This increase in tax revenues is used to pay for up-front costs which are required to stimulate the private investment in new redevelopment

and rehabilitation. Municipalities may issue obligations to be repaid from the stream of real property tax increments that occur within the tax increment financing district.

The property tax increment revenue is calculated by determining the difference between the initial equalized assessed value (EAV) or the Certified EAV Base for all real estate located within the district and the current year EAV. The EAV is the assessed value of the property multiplied by the state multiplier. Any increase in EAV is then multiplied by the current tax rate, which determines the incremental real property tax.

The West Grand Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private action in the Redevelopment Project Area. In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the Redevelopment Plan and Project.

This Redevelopment Plan also specifically describes the Redevelopment Project Area. This area meets the eligibility requirements of the Act (see West Grand Area Tax Increment Finance Program - Eligibility Study). The Redevelopment Project Area boundaries are described in Introduction of the Redevelopment Plan and shown in Map 1, Boundary Map.

After approval of the Redevelopment Plan, the City Council will then formally designate the Redevelopment Project Area.

The purpose of this Redevelopment Plan is to ensure that new development occurs:

1. On a coordinated rather than a piecemeal basis to ensure that the land-use, vehicular access, parking, service and urban design systems will meet modern-day principles and standards;
2. On a reasonable, comprehensive and integrated basis to ensure that blighting factors are eliminated; and
3. Within a reasonable and defined time period.

Revitalization of the Redevelopment Project Area is a large and complex undertaking and presents challenges and opportunities commensurate to its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government.

There has been no major investment in the Redevelopment Project Area for at least the last five years. The adoption of the Redevelopment Plan will make possible the implementation of a logical program to stimulate redevelopment in the Redevelopment Project Area, an area which cannot reasonably be anticipated to be developed without the adoption of this Redevelopment Plan. Public investments will create the appropriate environment to attract the investment required for the rebuilding of the area. But for the financial assistance provided by the City, the proposed developments would not be financially feasible and would not go forward.

Successful implementation of the Redevelopment Plan and Project requires that the City of Chicago take full advantage of the real estate tax increments attributed to the Redevelopment Project Area as provided in accordance with the Act.

REDEVELOPMENT PROJECT AREA AND LEGAL DESCRIPTION

The Redevelopment Project Area is located near the western boundary of the City of Chicago, Illinois on West Grand Avenue. The Redevelopment Project Area contains approximately 2.98 acres. The Redevelopment Project Area is generally bounded by West Grand/West Fullerton Avenue on the north, a public alley and private roadway easement on the south, the Chicago Milwaukee and St. Paul Railroad on the east, and Normandy Avenue on the west. The boundaries of the Redevelopment Project Area are shown on Map 1, Boundary Map; the current land uses are shown on Map 2, Existing Land Uses. The Redevelopment Project Area includes only those contiguous parcels of real property that are expected to be substantially benefited by the Redevelopment Plan.

The legal description of the Redevelopment Project Area is attached to this plan as Exhibit A.

REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

General Goals:

- Improve the quality of life in Chicago by improving the economic vitality of the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area.
- Revitalize the Redevelopment Project Area to promote additional retail development to enhance the emerging commercial/retail redevelopment of the surrounding area and the City.
- Create an environment within the Redevelopment Project Area which will contribute to the health, safety and general welfare of the City, and preserve or enhance the value of properties in the area.
- Create a suitable location for commercial/retail activity and accompanying job opportunities that will bring new dollars to the City from surrounding suburban locations.
- Achieve desirable changes of land use, through a coordinated public/private effort.

Redevelopment Objectives:

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a Conservation Area.
- Enhance the tax base of the City of Chicago and of the other taxing districts which extend into the Redevelopment Project Area by encouraging private investment in new commercial/retail development.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, real estate values and job opportunities.
- Provide needed incentives to encourage improvements and new development.

- Encourage the participation of minorities and women in the development of the Redevelopment Project Area.

Development and Design Objectives:

- Establish a pattern of land use activities arranged in compact, compatible groupings to increase efficiency of operation and economic relationships.
- Encourage coordinated development of parcels and structures in order to achieve attractive and efficient building design, off-street parking, adequate truck and service facilities, and appropriate access to nearby arterial streets.
- Achieve development which is integrated both functionally and aesthetically with nearby existing development.
- Ensure a safe and adequate circulation pattern, adequate ingress and egress and capacity in the Redevelopment Project Area.
- Encourage a high-quality appearance of buildings, rights-of-way and encourage high standards of design.
- Encourage development of usable commercial/retail space.

CONSERVATION AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

Based upon surveys, site inspections, research and analysis by Louik/Schneider & Associates, Inc., the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. A separate report, entitled "City of Chicago West Grand Area Tax Increment Financing Program Eligibility Study" and dated March 21, 1996, describes in detail the surveys and analyses undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a Conservation Area as defined by the Act. The entire Redevelopment Project Area is characterized by the presence of structures more than 35 years of age and the presence of six factors listed in the Act for a Conservation Area. Summarized below are the findings of the Eligibility Report.

Summary of Factors

In addition to the age requirement, six criteria are present in varying degrees throughout the Redevelopment Project Area. The criteria have been identified as follows:

- | | |
|--------------|--|
| Major extent | <ul style="list-style-type: none">• obsolescence• excessive vacancies• excessive land coverage• deleterious land-use or layout• depreciation of physical maintenance |
| Minor extent | <ul style="list-style-type: none">• deterioration |

The conclusions of each of the six factors are summarized below.

1. **Obsolescence**

Obsolescence, both functional and economic, is present in both parcels of the Redevelopment Project Area. The vacant industrial building is inappropriately configured on the Krone parcel and the Pride building and parcel, with its very small size, is also obsolete. Additionally, there is little or no parking available on either site, further contributing to their inability to be efficiently or economically reused according to contemporary standards.

2. **Deterioration**

Deterioration is present in the vacant industrial building on the Krone parcel which was found to have physical deficiencies requiring major treatment or repair. Several defects are present in both the primary and secondary building components.

3. **Excessive Vacancies**

Excessive vacancy was found to be present in 87% of the structural square footage in the Redevelopment Project Area. The industrial building on the Krone parcel has been vacant since July 1993 and is likely to remain vacant due to the evolution of the area as an emerging commercial/retail corridor.

4. **Excessive Land Coverage**

Excessive land coverage, manifested by the crowding of buildings and accessory facilities onto a site, is present throughout the Redevelopment Project Area. The factor is exhibited in both the Krone parcel, which is built lot line to lot line, and the Pride parcel, which has inadequate space for off-street loading and little off-street parking.

5. **Deleterious Land-Use or Lay Out**

Deleterious lay out includes parcels of inadequate size for contemporary development standards and poor lay out of buildings on parcels and in relation to other buildings. This factor was found to be present in both parcels in the Redevelopment Project Area.

6. **Depreciation of Physical Maintenance**

Depreciation of physical maintenance, manifested by substantial deferred maintenance and lack of maintenance of buildings, parking areas and streets, is present to a major extent in both parcels in the Redevelopment Project Area.

CONCLUSION

The conclusion of the consultant team engaged to conduct the study is that the number, degree and distribution of factors as documented in this report warrant the designation of all of the Redevelopment Project Area as a Conservation Area within the definition set forth in the Act. Specifically:

The buildings and improvements meet the statutory criterion that requires 50 percent or more of the structures to be 35 years of age or older.

- Of the 14 factors for a Conservation Area set forth in the law, six are present in the Redevelopment Project Area and only three are necessary for designation as a Conservation Area.
- The conservation area factors which are present are reasonably distributed throughout the Redevelopment Project Area.
- All areas within the Redevelopment Project Area show the presence of conservation area factors.

Both buildings and parcels in the Redevelopment Project Area evidence the presence of some eligibility factors. The eligibility findings indicate that, without revitalization, the Redevelopment Project Area may become blighted and that designation as a redevelopment project area will contribute to the long-term well being of the City.

All factors indicate that the area on the whole has not been subject to growth and development through investments by private enterprise, and will not be developed without action by the City. No building permit requests were filed in the Redevelopment Project Area for the last 13 years and the equalized assessed value (EAV) of the Redevelopment Project Area has declined 46% from \$862,026 in 1992 to \$465,129 in 1994. It is clear from these indicators that the Area has experienced not only a lack of growth and investment, but a decline in values as well.

The analysis above was based upon data assembled by Louik/Schneider & Associates, Inc. The surveys, research and analysis conducted include:

1. Exterior surveys of the condition and use of the Redevelopment Project Area;
2. Field surveys of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Comparison of current land use to current zoning ordinance and the current zoning maps;
4. Historical analysis of site uses and users;
5. Analysis of original and current platting and building size layout;
6. Review of previously prepared plans, studies and data; and

7. Analysis of the level of equalized assessed values (EAV) and building permits filed with the City of Chicago from 1991 to the present time in the Study Area.

Based upon the findings of the Eligibility Study for the West Grand Study Area, the Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan. But for the financial assistance provided by the City, the proposed developments would not be financially feasible and would not go forward.

WEST GRAND REDEVELOPMENT PLAN AND PROJECT

A. REDEVELOPMENT PROJECT AREA GOALS AND OBJECTIVES

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing, and by undertaking some or all of the following actions:

1. **Assemblage of Sites.** To achieve the renewal of the Redevelopment Project Area, property identified in Map 4, Property Which May Be Acquired, attached hereto and made a part hereof, may be acquired by the City of Chicago and cleared of all improvements, if any, and either (a) sold, leased or conveyed for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or facilities. The City may pay for a private developer's cost of land acquisition and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land. The City may determine that to meet the renewal objectives of this Redevelopment Plan, certain property currently listed for acquisition should not be acquired. Acquisition of land for public rights-of-way may also be necessary for the portions of said rights-of-way that the City does not own.

As a necessary part of the redevelopment process, the City may hold and secure property which it has acquired and place it in temporary use until such property is scheduled for disposition and redevelopment. Such uses may include, but are not limited to, project office facilities, parking or other uses the City may deem appropriate.

2. **Provision of Public Improvements and Facilities.** Adequate public improvements and facilities may be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:

- a. Provision for new or reconstructed streets and public rights-of-ways;
 - b. Provision of utilities necessary to serve the redevelopment;
 - c. Public landscaping; and
 - d. Public landscape/buffer improvements, street lighting and general beautification improvements in connection with public improvements.
3. **Provision for Soil and Site Improvements.** Funds may be made available for improvements to properties for the purpose of making land suitable for development. These improvements may include, but are not limited to:
- a. Environmental remediation necessary for redevelopment of the Redevelopment Project Area;
 - b. Site Preparation - Utilities; and
 - c. Demolition.
4. **Analysis, Administration, Studies, Legal, et al.** Funds may be provided for activities including the long-term management of the Redevelopment Plan and Project as well as the costs of establishing the program and designing its components. 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, financial, planning or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected.
5. **Redevelopment Agreements.** The City may enter into Redevelopment Agreements with private developers which may include, but not be limited to, terms of sale, lease or conveyance of land, requirements for site

improvements, public improvements, job training and interest subsidies.

In the event that the City determines that construction of certain improvements is not financially feasible, the City may reduce the scope of the proposed improvements.

B. REDEVELOPMENT PLAN

The Redevelopment Plan proposes the redevelopment of the Redevelopment Project Area to stimulate or stabilize the properties within the Redevelopment Project Area. The existing industrial building (Krone) and smaller commercial building (Pride), in their current configuration and condition, are not properly designed to take advantage of redevelopment opportunities; this is evidenced, for example, by the vacancy of the Krone building since July 1993. In order to accomplish the City of Chicago's objective of stimulating economic activity and redevelopment of unused or underutilized properties, this Redevelopment Plan will also make approximately 2.1 acres of land available for a new retail facility development and will allow for the economic and functional redevelopment of the parcels.

The Plan proposes the redevelopment of the existing property into a modern retail store. This location, with its proximity to other retail destinations and particularly to surrounding suburban communities with residents that shop in this Chicago neighborhood, is very appropriate for this type of use.

When completed, the Redevelopment Project Area will allow for the development of approximately 26,000 square feet of new retail facilities with the potential to create up to 50 full-time equivalent jobs and in excess of 25 temporary construction jobs. Additionally, the retail facility will have approximately 110 parking spaces on site to meet modern development standards and to alleviate any requirement for off-site parking.

The proposed Redevelopment Project Area may require the planning and programming of certain public improvements. The redevelopment agreement to be entered into with the proposed developer will generally provide for the City to provide funding for activities permitted by the Act. The funds for these improvements will come directly from the incremental increase in tax revenues generated from the entire Redevelopment Project Area or the City's issuance

of bonds to be repaid from the incremental increase in tax revenues to be generated from the entire Redevelopment Project Area. A developer or user will undertake the responsibility for the required demolition and soil and site improvements, a portion of which may be paid for from the incremental increase in tax revenues or from the issuance of bonds, and will further be required to build any agreed upon improvements and necessary ancillary improvements required for the project.

C. GENERAL LAND-USE PLAN

This Redevelopment Plan and the proposed projects described herein will be approved by the Chicago Plan Commission prior to the adoption of the Plan.

The Land-Use Plan, Map 3, identifies proposed land-uses and public rights-of-way to be in effect upon adoption of this Redevelopment Plan. The major land-use category for the West Grand Redevelopment Project Area will be commercial/retail. The location of all major thoroughfares and major street rights-of-way are subject to change and modification.

D. ESTIMATED REDEVELOPMENT PROJECT COSTS

Redevelopment Project costs mean the sum total of all reasonable or necessary costs that may be reimbursed from tax increment revenues and which are incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan pursuant to the Act. Such costs may include, without limitation, the following:

1. **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, financial, planning or other services, provided, however, that no charges for professional services may be based on a percentage of the tax increment collected;**

2. Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
3. Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures;
4. Costs of the construction of public works or improvements;
5. Costs of job training and retraining projects;
6. Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 36 months thereafter and including reasonable reserves related thereto;
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;
8. Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
9. Payment in lieu of taxes;
10. Costs of job training, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more

taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of The School Code;

11. Interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
 - b. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph (11) then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and

- d. the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total of (i) costs paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act.

12. Unless explicitly stated in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

The estimated Redevelopment Project costs are shown in Table 1. The total Redevelopment Project costs provide an upper limit on expenditures. Within this limit, adjustments may be made in line items, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, without amendment of this Redevelopment Plan.

TABLE 1

ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvements

Land Acquisition	\$ 100,000
Site Preparation/Environmental Remediation/Demolition	\$ 650,000
Public Improvements	\$ 750,000
Planning, Legal, Professional	\$ 50,000
TOTAL REDEVELOPMENT PROJECT COSTS*	\$1,550,000

*Exclusive of capitalized interest, issuance costs and other financing costs

E. SOURCES OF FUNDS TO PAY REDEVELOPMENT PROJECT COSTS

Funds necessary to pay for Redevelopment Project costs are to be derived principally from tax increment revenues and proceeds of municipal obligations which are secured principally by tax increment revenues and/or tax increment revenues from adjacent Tax Increment Financing Districts should the redevelopment plans of such adjacent Tax Increment Financing Districts so provide. There may be other sources of funds which the City may elect to use to pay for Redevelopment Project costs or the repayment of obligations issued, the proceeds of which will be used to pay for such costs, including but not limited to state and federal grants and land disposition proceeds generated from the district.

The primary revenue which may be used to secure municipal obligations or pay for eligible Redevelopment Project costs shall be the incremental real property tax revenues. Incremental real property tax revenue is attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Without the use of such tax incremental revenues, the Redevelopment Project Area would not reasonably be anticipated to be developed. All incremental revenues utilized by the City of Chicago will be utilized exclusively for the development of the Redevelopment Project Area.

Issuance of Obligations

To finance Redevelopment Project costs a municipality may issue general obligation bonds or obligations secured by the anticipated tax increment revenue generated within the Redevelopment Project Area or the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers to secure such obligations. In addition, a municipality may pledge toward payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the Redevelopment Project Area; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within 23 years (by the year 2019) from the adoption of the ordinance approving the

Redevelopment Project Area. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds (including ad valorem taxes) as may be provided by ordinance. Obligations may be of a parity or senior/junior lien nature. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory, sinking fund, or optional redemptions.

Tax increment revenues may be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and Redevelopment Project costs, and, to the extent that real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

The total 1994 equalized assessed valuation for the entire Redevelopment Project Area is \$465,129. After verification by the County Clerk of Cook County, this amount will serve as the "Initial Equalized Assessed Valuation."

Anticipated Equalized Assessed Valuation

By the year 1999 when it is estimated that commercial development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated to be between \$1,100,000 and \$1,300,000. This estimate is based on several key assumptions, including: 1) all commercial redevelopment will be completed in 1999; 2) the market value of the anticipated developments will increase following completion of the redevelopment activities described in the Redevelopment Plan; 3) the most recent State Multiplier of 2.1135 as applied to 1994 assessed values will remain unchanged; and 4) for the duration of the project, the tax rate for the entire Redevelopment Project Area is assumed to be the same and will remain unchanged from the 1994 level.

F. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in the Conservation Area Conditions Section of this Redevelopment Plan, the Redevelopment Project Area as a whole is adversely impacted by the presence of a number of factors, and these factors are reasonably distributed throughout the Redevelopment Project Area. The Redevelopment Project Area on the whole has not been subject to growth and development through investment by private enterprise. The lack of private investment is evidenced by continued existence of the factors referenced above and the lack of new development projects initiated or completed within the Redevelopment Project Area. For example, no building permit requests were filed in the Redevelopment Project Area since 1983 and the Krone building was fully vacated in 1993 and is likely to remain vacant due to the evolution of the area as an emerging commercial/retail corridor.

Vacant industrial structures such as the building on the Krone parcel are in general characterized by certain conditions such as insufficient lot size, lack of ceiling height and an internal construction configuration which contribute to the structures' inefficiency for contemporary manufacturing standards. Redevelopment of such vacant industrial property for commercial use, however, requires extraordinary expenditures for demolition, environmental remediation and site preparation; these extraordinary costs result in a higher development cost per square foot and decrease the rate of return required to encourage a developer to move ahead with a proposed project.

The lack of growth and investment by the private sector is also supported by the trend in the equalized assessed valuation ("EAV") of all the property in the Redevelopment Project Area during the period from 1992 to 1994. In the Redevelopment Area, both of the parcels in a tri-annual assessment decreased in terms of equalized assessed valuation. The 1994 EAV represents a 46% decrease in EAV from \$862,026 in 1992 to \$465,129 in 1994, and a 9% decrease from \$509,598 in 1993 to \$465,129 in 1994, which is well below the City's 5.0% rate of increase for this period.

It is clear from the study of this area that private investment in revitalization and redevelopment has not occurred to overcome the Conservation Area conditions that currently exist. The

Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Redevelopment Plan.

G. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this Redevelopment Plan and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped by private enterprise. There is a real prospect that the Conservation Area conditions will continue and the surrounding area will become less attractive for the maintenance and improvement of existing buildings and sites. The possibility of the erosion of the assessed value of property which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment could lead to a reduction of real estate tax revenue to all taxing districts.

Sections A, B, & C of this Redevelopment Plan describe the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. If the Redevelopment Project is successful, it will alleviate the Conservation Area conditions, which caused the Redevelopment Project Area to qualify as a Conservation Area under the Act, creating new jobs and promoting development in the Redevelopment Project Area.

The Redevelopment Plan is expected to have short and long term financial impacts on the taxing districts affected by the Redevelopment Plan. During the period when tax increment financing is utilized, real estate tax increment revenues (from the increases in Equal Assessed Valuation [EAV] over and above the certified initial EAV established at the time of adoption of this Plan and Project) will be used to pay eligible redevelopment project costs for the Tax Increment Financing District. Incremental revenues will not be available to these taxing districts during this period. At the end of the time period when tax increment financing is utilized, the real estate tax revenues will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

If successful, the implementation of the Redevelopment Project may enhance the values of properties within and adjacent to the Redevelopment Project Area.

H. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes on properties located within the Redevelopment Project Area: City of Chicago; Chicago Board of Education; Chicago School Finance Authority; Chicago Park District; Chicago Community College District; Metropolitan Water Reclamation District of Greater Chicago; County of Cook; and Cook County Forest Preserve District.

The proposed Redevelopment Plan involves the acquisition of underutilized land and new construction of commercial/retail buildings. Therefore, the financial burden of the Redevelopment Plan on taxing districts is expected to be negligible.

Non-residential development, such as retail, commercial and industrial uses, should not cause increased demand for services or capital improvements on any of the taxing districts named above except for the Metropolitan Water Reclamation District and the City of Chicago. Replacement of underutilized land with active and more intensive uses will result in additional demands on services and facilities provided by the Metropolitan Water Reclamation District. However, it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Redevelopment Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Additionally, any additional cost to the City of Chicago for police, fire protection and sanitation services will be minimal since the commercial/retail and industrial developments will privately pay for the majority of the costs of these services (i.e., sanitation services). -

I. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described in detail in prior sections of this report, the complete scale and amount of development in the Redevelopment Project Area cannot be predicted with complete certainty at this time and the demand for services provided by those taxing districts cannot be quantified at this time.

As indicated in Section D, Estimated Redevelopment Project Costs of the Redevelopment Plan and Project, the City may provide public improvements and facilities to service the Redevelopment Project Area. It is likely that any potential improvements may mitigate some of

the additional service and capital demands placed on taxing districts as a result of the implementation of this Redevelopment Plan.

PROVISION FOR AMENDING ACTION PLAN

The Redevelopment Project Area Tax Increment Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the Redevelopment Project Area.

- A. The assurance of equal opportunity in all personnel and employment actions with respect to the Redevelopment Plan, including but not limited to hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.
- B. Every developer will meet City of Chicago standards for participation of Minority Business Enterprise and Woman Business Enterprises as required in Redevelopment Agreements.
- C. This commitment to affirmative action and non-discrimination will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

SCHEDULING OF REDEVELOPMENT

The implementation of the Redevelopment Project will begin with the demolition of the improvements within the Redevelopment Project Area with construction to follow as soon thereafter as is practical. City expenditures for Redevelopment Project costs will be made on a proportional reimbursement basis to coincide with expenditures for redevelopment by private developers. The estimated date for completion of the Redevelopment Project shall be no later than 23 years from the adoption of the ordinance of the City Council of the City approving the Redevelopment Project Area.

**EXHIBIT A
LEGAL DESCRIPTION**

LOT 1 IN ROBERT VOLK'S SUBDIVISION ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 9, 1927 AS DOCUMENT NO. 9836413 TOGETHER WITH PART OF LOT 1 IN OWNERS DIVISION ACCORDING TO THE PLAT THEREOF RECORDED MARCH 16, 1926 AS DOCUMENT NO. 9208703 TOGETHER WITH ADJOINING STREETS AND ALLEYS ALL IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 31 TOWNSHIP 40 NORTH RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 24 IN ROBERT VOLK'S SUBDIVISION AFORESAID; THENCE ON AN ASSUMED AZIMUTH OF 359 DEGREES 18 MINUTES 07 SECONDS ALONG THE EAST LINE OF LOT 23 AND ITS NORTHERLY EXTENSION 174.01 FEET TO THE CENTERLINE OF FULLERTON AVENUE; THENCE ON AN AZIMUTH OF 90 DEGREES 00 MINUTES 31 SECONDS ALONG SAID CENTERLINE OF FULLERTON AVENUE 545.56 FEET TO THE WEST LINE OF THE EAST 50 FEET OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 31 AFORESAID; THENCE ON AN AZIMUTH OF 179 DEGREES 18 MINUTES 04 SECONDS ALONG SAID WEST LINE 270.09 FEET TO A LINE DRAWN 10 FEET SOUTH OF AND PARALLEL WITH THE SOUTH FACE OF THE BRICK WALL OF A ONE STORY BRICK BUILDING ON LOT 1 IN OWNERS SUBDIVISION AFORESAID; THENCE ON AN AZIMUTH OF 270 DEGREES 00 MINUTES 18 SECONDS ALONG SAID LINE 366.00 FEET TO THE WEST LINE OF THE EAST 416 FEET OF THE NORTHWEST QUARTER OF SECTION 31 AFORESAID; THENCE ON AN AZIMUTH OF 359 DEGREES 18 MINUTES 07 SECONDS ALONG SAID WEST LINE 96.10 FEET TO THE NORTHEAST CORNER OF LOT 2 IN ROBERT VOLK'S SUBDIVISION AFORESAID; THENCE ON AN AZIMUTH OF 270 DEGREES 00 MINUTES 31 SECONDS ALONG SAID NORTH LINE AND ITS WESTERLY EXTENSION 179.56 FEET TO THE POINT OF BEGINNING, CONTAINING 2.986 ACRES OF LAND.

TABLE 1
ESTIMATED REDEVELOPMENT PROJECT COSTS

Program Action/Improvements

Land Acquisition	\$ 100,000
Site Preparation/Environmental Remediation/Demolition	\$ 650,000
Public Improvements	\$ 750,000
Planning, Legal, Professional	\$ 50,000
TOTAL REDEVELOPMENT PROJECT COSTS*	\$ 1,550,000

*Exclusive of capitalized interest, issuance costs and other financing costs

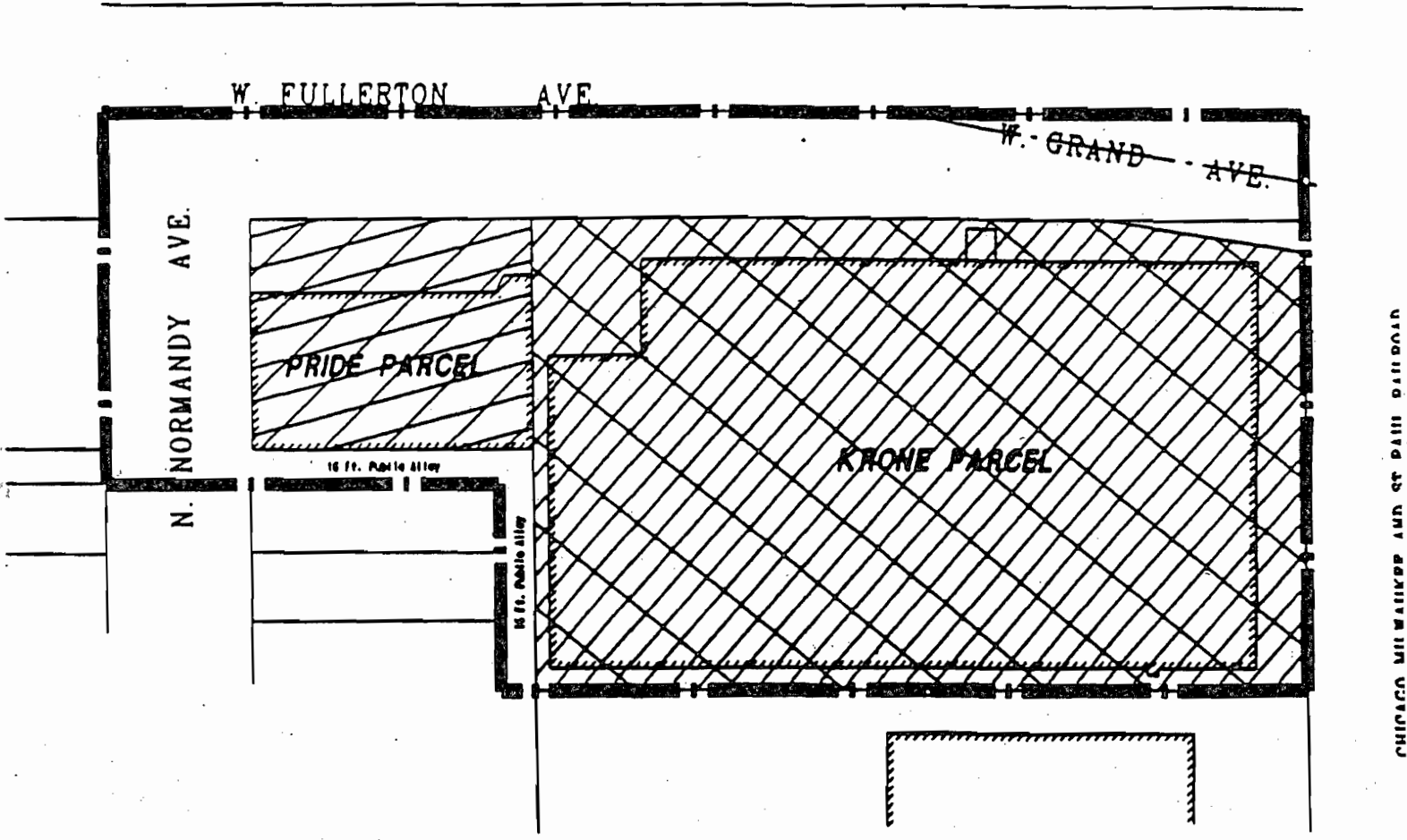
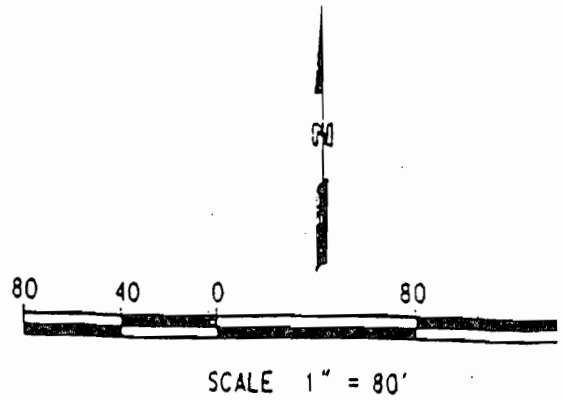
TABLE 2

1994 EQUALIZED ASSESSED VALUATION




<u>Perm Index</u>	<u>EAV</u>
13-31-204-001	\$210,321
13-31-205-032	\$254,808
TOTAL	\$465,129

MAPS

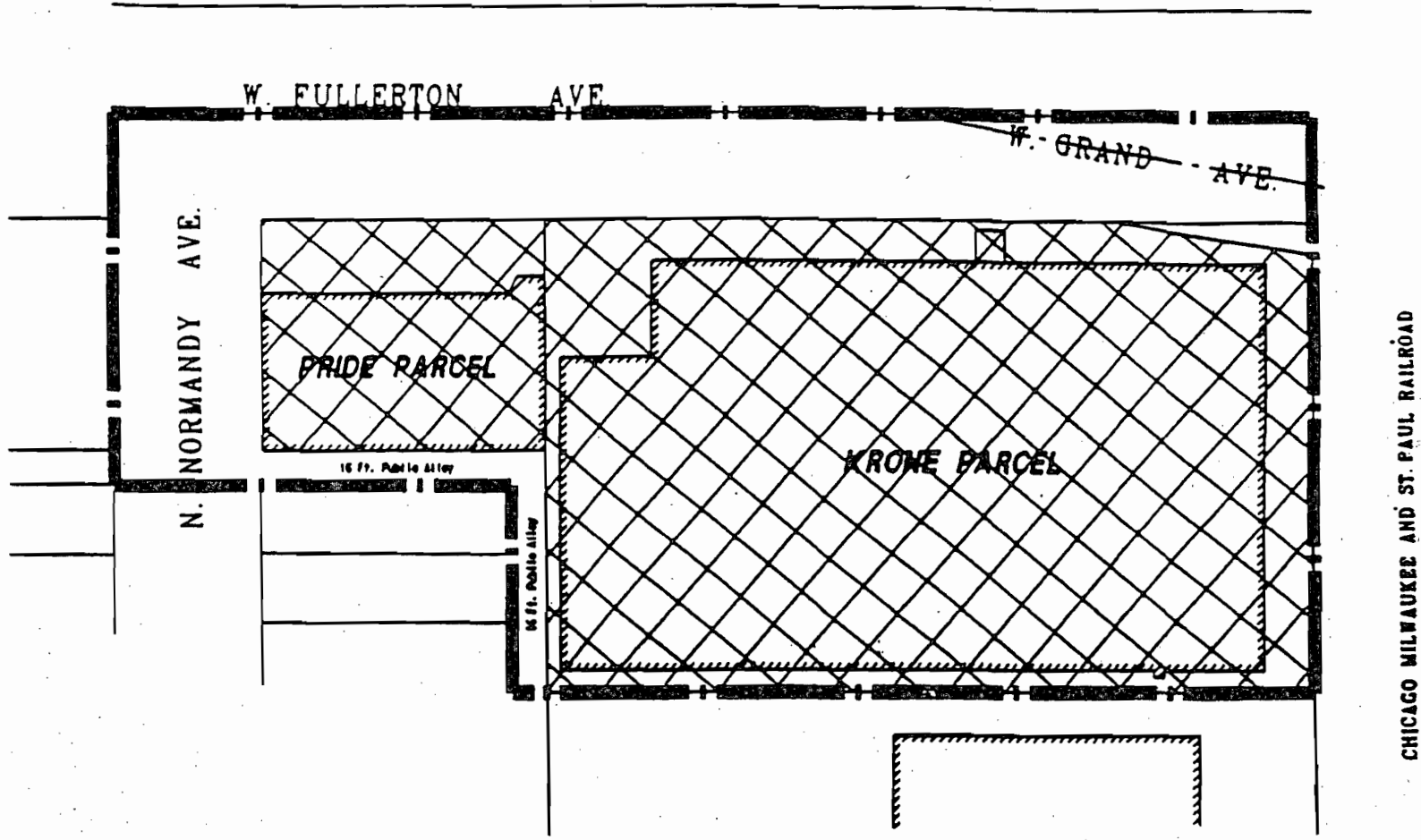
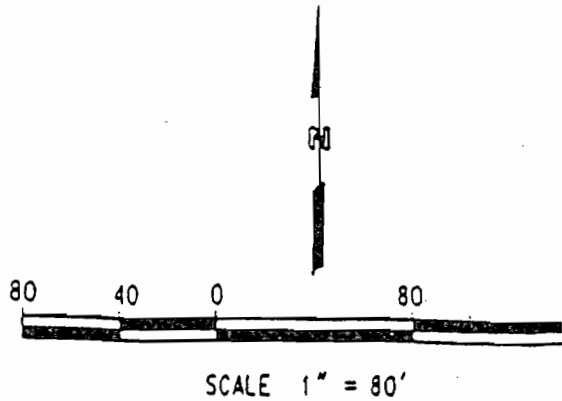
- Map 1 Redevelopment Project Boundary
- Map 2 Existing Land Use
- Map 3 Proposed Land Use
- Map 4 Property Which May Be Acquired



MAP 2
EXISTING LAND USE
N. NORMANDY AVE. AND
W. FULLERTON AVE.

- LEGEND :**
-  INDUSTRIAL
 -  COMMERCIAL
 -  PROJECT BOUNDARY

MACKIE CONSULTANTS, INC.
 9575 B. HIGGINS ROAD, SUITE 500, ROSEMONT, IL 60018
 PHONE 708-696-1400 FAX 708-696-1410



MAP 3

PROPOSED LAND USE

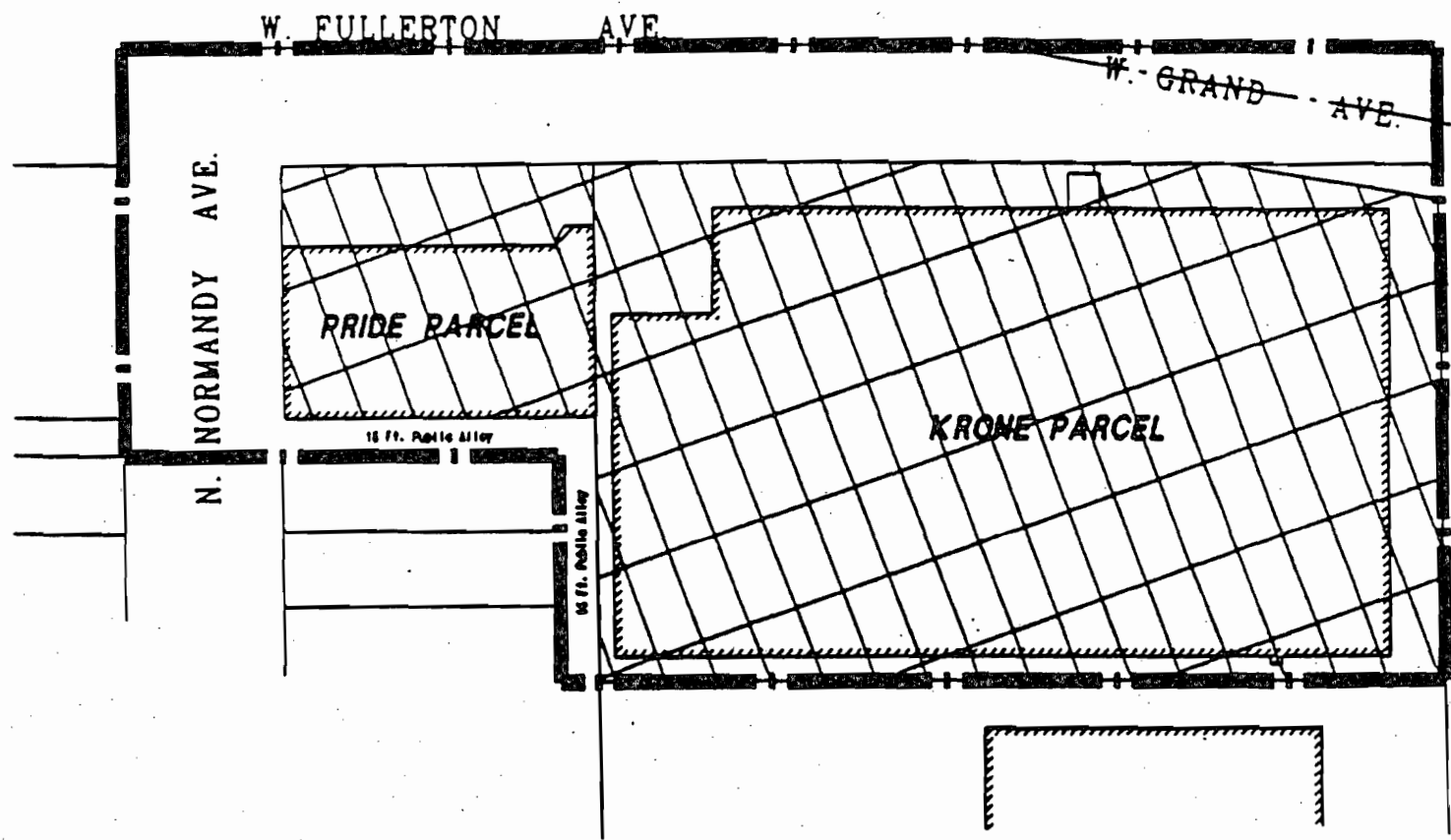
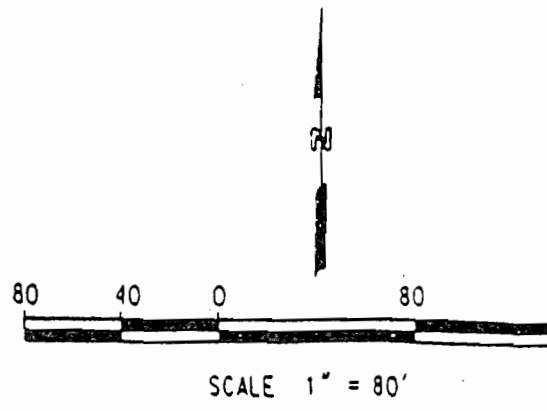
N. NORMANDY AVE. AND

W. FULLERTON AVE.

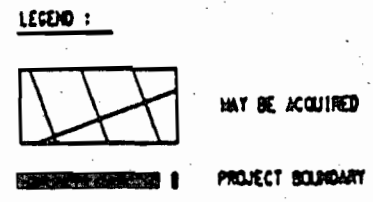
MACKIE CONSULTANTS, INC.

9575 N. HIGGINS ROAD, SUITE 500, ROSEMONT, IL 60018

PHONE 708-696-1400 FAX 708-696-1410



MAP 4
**PROPERTY WHICH
 MAY BE ACQUIRED**
 N. NORMANDY AVE. AND
 W. FULLERTON AVE.



MACKIE CONSULTANTS, INC.
 9575 E. HIGGINS ROAD, SUITE 500, ROSEMONT, IL 60018
 PHONE 708-496-1400 FAX 708-496-1410

EXHIBIT E
CONSTRUCTION CONTRACT

NONE

Exhibit F

NEAR NORTH NATIONAL TITLE CORPORATION

A MEMBER OF THE NEAR NORTH NATIONAL GROUP

322 N. LaSalle Street
Chicago Illinois 60601

312/415.3500
Fax 312/415.0509

CONSTRUCTION LOAN ESCROW

DATE August, 1997

ESCROW NUMBER

TO: Near North National Title Corporation, Escrowee

At the request of Northlake Development Company, an Illinois corporation
..... (hereinafter referred to as Owner/Borrower),
American National Bank and Trust Company of Chicago (herein after referred to as "Lender")
will deposit, at intervals and installments to be determined by lender and borrower,
\$ of a \$ 4,800,000 loan secured by a trust
deed/mortgage on the premises described as follows:

Title Order Number N9700422

Commonly known as 6601-6647 West Grand Avenue
2371-2379 North Normandy Chicago Illinois
Address City State
for retail store
Type of Improvement

You are authorized and directed to disburse the funds deposited hereunder pursuant to statements of amounts due, approved by the owner/borrower, after obtaining only such releases and satisfactions of mechanic's liens or waivers of mechanic's and sworn statements of the General Contractor, subcontractors and material suppliers required by Near North National Title Corporation to issue the insurance coverage herein specified.

The Inspector/Architect is to be Casco
The General Contractor is to be
..... disbursements will be made in accordance with the terms and provisions of this escrow
(approx. # of requests)
agreement.

The terms and conditions of this escrow pursuant to which said disbursements are to be made as follows:

- I. Prior to the initial disbursements of funds hereunder, it is a requirement of this escrow that Escrowee be furnished:
 - A. A written approval from Lender of the condition of title to the premises described above as disclosed by a title commitment with an effective date covering the date of recording of said trust deed/mortgage or if it has not been recorded, Escrowee will be prepared to do such recording and naming Lender as the proposed insured.
 - B. A written approval from Lender for loan disbursement purposes of the owners statement and the general contractor's statement, which are provided at IC and ID below:
 - C. A sworn Owners statement disclosing the various contracts entered into by the owner and setting forth the names of the contractors, their addresses, work or materials to be furnished, amounts of the contracts, amounts paid to date, amounts of current payments and balances due:
 - D. A sworn General contractor's statement setting forth in detail all contractors and material suppliers with whom it has been contracted, their addresses, work or materials to be furnished, amounts of the contracts, amounts paid to date, amounts of current payments and balances due.
 - E. A certified copy of the trust agreement and pay proceeds letter if title is held in a trust.
- II. Prior to each disbursement of funds hereunder, it is a requirement of this escrow that Escrowee be furnished:
 - A. A sworn Owners statement disclosing the various contracts entered into by the owner and setting forth the names of the contractors, their addresses, work or materials to be furnished, amounts of the contracts, amounts paid to date, amounts of current payments and balances due:
 - B. A sworn General contractor's statement setting forth in detail all contractors and materialmen with whom he has contracted, amounts of contracts, their addresses, amounts paid to date, amounts of current payments and balances due.
 - C. A written approval by the Borrower and Lender of the requested disbursement. (NOTE: Lender's approval of each draw is optional. Please strike if not applicable.)

- D. Sufficient funds to cover the requested disbursements and to pay for extras or change orders for which waivers have not been deposited and for which funds have not previously been deposited;
- E. Sufficient funds to pay all of Escrowee's and title insurance charges, unless other arrangements satisfactory to Escrowee have been made;
- F. A report by the inspector or a certification by the architect certifying that work has been completed and materials are in place as indicated by the request for payment of the general contractor. Said inspection is to be made and submitted by

G. Sworn statements, waivers, affidavits, supporting waivers and releases of lien from such forms as deemed necessary by Escrowee for the purpose of providing the title insurance coverage described herein.

III. Prior to the final disbursement of funds, it is a requirement of this escrow that Escrowee be furnished all required documentation prior to any disbursement of the final draw.

IV. It is a requirement of this escrow that, concurrent with:

- A. The first disbursement of funds hereunder, Escrowee be prepared to issue an ALTA loan policy with interim mechanic lien endorsement covering the draw and the amount of said deposit; or if said policy has been issued Escrowee shall be prepared to issue its draw down endorsement with interim mechanic lien coverage.
- B. Each subsequent disbursement of funds hereunder, Escrowee be prepared to issue its draw down endorsement and interim mechanic lien endorsements, so said loan policy covering the date and amount of said deposit;
- C. The final disbursement of the funds hereunder, Escrowee be prepared to furnish its draw down endorsement and final endorsement. With respect to the conditions of title, the liability of Escrowee, in making any disbursements in reliance upon the title evidence referred to above shall not extend to the determination of whether or not it is acceptable to Lender, the furnishing of funds for disbursement being considered the acceptance of title as reported.

V. If at any time during the course of construction the total of the unpaid disclosed cost of construction as indicated by the column totals of the general contractor's sworn statement exceeds the amount of the undischarged mortgage proceeds as calculated by subtracting the total amounts of liability taken on the endorsements from the face amount of the mortgage, Escrowee need not make further disbursements under the terms of this escrow until the Borrower has deposited in this escrow the sum necessary to make the available funds equal to the unpaid disclosed cost of construction or unless specifically directed in writing by the Lender.

VI. Near North National Title Corporation has no liability to the Owner relating to protection against mechanic lien claims.

VII. If Escrowee discovers misstatement in an affidavit furnished by General contractor or Owner/Borrower, it may stop disbursement until the misstatement has been corrected.

VIII. The functions and duties assumed by Near North National Title Corporation include only those described in this agreement and the Escrowee is not obligated to act except in accordance with the terms and conditions of this escrow. Near North Title Corporation does not insure that the building will be completed, nor does it insure upon completion, that work will be done in accordance with plans and specifications. Near North National Title Corporation does not insure that sufficient funds will be available for completion or does it make the certifications of the inspector/architect its own, other than procurement as one of the conditions required to each disbursement.(if applicable).

IX. All disbursements for construction purposes will be made by Escrowee directly to the party performing the work. All other costs listed on the Owner's statement will be made directly to the party listed on the sworn statement. In the event that the general contractor and any subcontractor jointly and in writing authorize Escrowee to pay funds due one to the other, Escrowee may comply with such written authorization. However, it is the intention of the parties named herein and signatory hereto that no person not a party signatory to this escrow shall have the right to look to Escrowee for any disbursement hereunder under a third party beneficiary theory or otherwise, and that Escrowee owes no duty to any such third party to make any disbursement.

X. General Conditions

A. At any time prior to commencement of disbursement of funds, hereunder, Escrowee reserves the right to decline commencement if Near North National Title Corporation declines any risk offered for insurance hereunder, whereupon Escrowee shall return to Lender any documents in its possession relating to such loan and the funds received by it. Commencement of disbursements makes this agreement effective as to all funds received and disbursed on the construction in question.

B. When, after the first disbursement, a further title search reveals a subsequently arising exception over which Near North National Title Corporation is unwilling to insure, Escrowee will notify Lender, and may discontinue disbursement until such exception has been disposed of to the satisfaction of the Lender. A mechanic's lien claim over which Near North National Title Corporation is required to insure hereunder does not warrant a discontinuance of disbursement.

C. In the event of defaults declared by Lender and/or foreclosure by Lender, Escrowee shall have the right to discontinue further disbursements under this agreement.

- D. Escrowee shall not be responsible for any loss of documents or funds which are not in its custody. Documents or funds deposited in the United States mail shall not be construed as being in custody of Escrowee.
- E. Deposits made pursuant to these instructions may be invested on behalf of any party or parties hereto: Provided, that any direction to Escrowee for such investment shall be expressed in writing and contain the consent of all other parties to this escrow, and also provided that you are in receipt of the taxpayer's identification number and investment forms as required. Escrowee will, upon request, furnish information concerning its procedures and fee schedules for investment.

Except as to deposits of funds for which Escrowee has received express written direction concerning investment or other handling, the parties hereto agree that the Escrowee shall be under no duty to invest or reinvest any deposits at any time held by it hereunder, and further, that Escrowee may commingle such deposits with other deposits or with its own funds in the manner provided for the administration of funds under Section 3 of the Illinois Banking and Finance Act (c. 17, par 1555 Ill. Rev. Stat.) and may use any part of all such funds for its own benefit without obligation to any party for interest or earnings derived thereby, if any. Provided, however, nothing herein shall diminish Escrowee's obligation to apply the full amount of the deposits in accordance with the terms of this Agreement.

In the event the Escrowee is requested to invest deposits hereunder, Near North National Title Corporation is not to be held responsible for any loss of principal or interest which may be incurred as a result of making the investments or redeeming said investment for the purposes of this escrow trust.

XI. Bill all charges to:
NORTHLAKE DEVELOPMENT COMPANY
4104 North Harlem Avenue suite 220
Chicago, Illinois 60634

XII. The undersigned agree that this Construction Loan Escrow agreement is not intended by any of the undersigned to give any benefits, rights, privileges, actions or remedies to any person, partnership, firm or corporation other than Near North National Title Corporation American National Bank and Trust Company of Chicago (Lender), and Northlake Development Company (Owner/Borrower) as a third party beneficiary or otherwise under any theory of law.

HINSHAW & CULBERTSON, its attorneys

FOR THE LENDER By Steven H. Malato

FOR THE OWNER/BORROWER By Kathleen M. Vyborny, its attorney

Accepted, Near North National Title Corporation, Escrowee
 BY _____

EXHIBIT G

PERMITTED LIENS

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the commitment for owner's title insurance issued by the Title Company attached hereto (except for those items which have been manually deleted) but only so long as any applicable title endorsements issued in conjunction therewith, if any, continue to remain in full force and effect.

2. All mortgages or deeds of trust with respect to the Property that the Developer may elect to execute and record or permit to be recorded against the Property or any portion thereof after the date of the issuance of the Certificate, if the mortgagee accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof.
3. Liens or other encumbrances arising out of documents executed in connection with the Lender Financing.

**NEAR NORTH NATIONAL TITLE CORPORATION
ISSUING AGENT**

ALTA COMMITMENT

SCHEDULE B

. Exhibit G
(Attachment)

Number: N9700422

Schedule B of the policy or policies to be issued will contain the exceptions shown on the inside front cover of this commitment and the following exceptions, unless same are disposed of to the satisfaction of the Company:

1. ~~(A) GENERAL REAL ESTATE TAXES FOR THE YEARS 1996 AND 1997. TAX NUMBERS 13-31-204-002 AND 13-31-205-032 VOLUME 364~~

~~NOTE: THE FIRST INSTALLMENT OF THE 1996 TAXES HAS NOT BEEN DEPOSITED WITH THE COUNTY COLLECTOR, AND IS DELINQUENT \$9,877.43 (-001).~~

~~NOTE: THE FIRST INSTALLMENT OF THE 1996 TAXES HAS BEEN DEPOSITED WITH THE COUNTY COLLECTOR, \$11,994.45 (-032).~~

~~NOTE: THE SECOND INSTALLMENT OF THE 1996 TAXES AND THE 1997 TAXES ARE NOT YET DUE AND PAYABLE.~~

2. ~~(B) MORTGAGE, ASSIGNMENT OF LEASES, SECURITY AGREEMENT AND FINANCING STATEMENT DATED AUGUST 8, 1996 AND RECORDED AUGUST 7, 1996 AS DOCUMENT 96604678 MADE BY PET STORES FUNDING CORPORATION, TO NATIONSBANK OF TEXAS, N.A., A NATIONAL BANKING ASSOCIATION, AS ADMINISTRATIVE LENDER, TO SECURE A CREDIT AGREEMENT FOR \$10,000,000.00.~~
3. ~~(C) ASSIGNMENT OF RENTS, LEASE, AND OPTION AGREEMENT AND AUTHORIZATION TO COLLECT RENTS RECORDED AUGUST 7, 1996 AS DOCUMENT NO. 96604679 MADE BY PET STORES FUNDING CORPORATION, A DELAWARE CORPORATION TO NATIONSBANK OF TEXAS, N.A., A NATIONAL BANKING ASSOCIATION, AS ADMINISTRATIVE LENDER.~~
4. ~~(D) LEASE BETWEEN PET STORES FUNDING CORPORATION, A DELAWARE CORPORATION, LANDLORD AND PETSART, INC., A DELAWARE CORPORATION, TENDENT, FOR A TERM COMMENCING ON AUGUST 6, 1996, AND ENDING ON JULY 6, 1997 AND SUBJECT TO A LEASE DATED AS OF NOVEMBER 27, 1995, AS DISCLOSED BY MEMORANDUM OF LEASE AND OPTION AND PUT AGREEMENT, RECORDED AUGUST 7, 1996 AS DOCUMENT 96604680.~~
5. ~~(E) SECURITY INTEREST OF NATIONSBANK OF TEXAS N.A., SECURED PARTY, IN CERTAIN DESCRIBED CHATELNS ON THE LAND, AS DISCLOSED BY FINANCING STATEMENT EXECUTED BY PET STORES FUNDING CORPORATION, LENDER, AND FILED SEPTEMBER 11, 1996 AS DOCUMENT NO. 96693934.~~
6. (F) COVENANTS AND RESTRICTIONS CONTAINED IN WARRANTY DEED FROM THOMAS A. RUTHERFORD TO ROBERT VOLK DATED SEPTEMBER 10, 1927 AND RECORDED OCTOBER 19, 1927 AS DOCUMENT NUMBER 9813855 RELATING TO COST OF BUILDINGS TO BE ERRECTED UPON THE LAND AND OTHER PROPERTY ESTABLISHING A BUILDING LINE OF NOT LESS THAN 12 FEET DISTANT FROM THE STREET LINE ON THE EAST SIDE OF NORMANDY AVENUE AND NOT LESS THAN 20 FEET DISTANT FROM THE STREET LINE ON THE WEST SIDE OF NORMANDY AVENUE.

NOTE: SAID INSTRUMENT CONTAINS NO PROVISION FOR A FORFEITURE OF OR REVERSION

Commitment - Schedule B - Continued

OF TITLE IN CASE OF BREACH OF CONDITION.

(AFFECTS PARCEL 3)

7. (G) ENCROACHMENT OF BUILDING LOCATED MAINLY ON THE LAND ONTO PROPERTY EAST AND ADJOINING BY .10 OF A FOOT AS DISCLOSED BY SURVEY BY MACKIE CONSULTANTS DATED DECEMBER 21, 1995, AND LAST CERTIFIED AUGUST 1, 1996.

(AFFECTS PARCEL 3)
8. (H) VIOLATION OF 12 FOOT BUILDING LINE ON THE WEST LINE OF LAND BY 12 FEET AS DISCLOSED BY AFORESAID SURVEY.

(AFFECTS PARCEL 3)
9. (H) ENCROACHMENT OF OVERHEAD SIGN LOCATED MAINLY ON THE LAND ONTO PUBLIC PROPERTY NORTH AND ADJOINING BY AN UNDISCLOSED AMOUNT AS DISCLOSED BY AFORESAID SURVEY.

(AFFECTS PARCEL 3)
10. (I) ~~NOTE: THE FOLLOWING ITEM, WHILE APPEARING ON THIS COMMITMENT/POLICY, IS PROVIDED SOLELY FOR YOUR INFORMATION.~~

~~THE FOLLOWING ENVIRONMENTAL DISCLOSURE DOCUMENT(S) FOR TRANSFER OF REAL PROPERTY APPEAR OF RECORD WHICH INCLUDE A DESCRIPTION OF THE LAND INSURED OR A PART THEREOF:~~

~~DOCUMENT NUMBER: 96604677 DATE OF RECORDING: AUGUST 7, 1996~~
11. (I) RESTRICTIONS CONTAINED IN WARRANTY DEED FROM THOMAS A. RUTHERFORD AND HIS WIFE, TO URSUS MOTOR COMPANY DATED MAY 27 1919 AND RECORDED JUNE 11, 1919 AS DOCUMENT 6546797 THAT IF LAND IS TO BE USED FOR MANUFACTURING PURPOSES, MOTIVE POWER SHALL NOT BE SUPPLIED BY COAL, THOUGH COAL MAY BE USED FOR HEATING PURPOSES.

(AFFECTS PARCEL 1)
12. (J) EASEMENT OVER THE EAST 18 FEET OF THE LAND FOR THE PURPOSE OF A ROADWAY OR DRIVENWAY AND OVER THE EAST 18 FEET AND WEST 7 FEET OF THE LAND FOR THE PURPOSE OF INSTALLING AND MAINTAINING THEREIN UNDERGROUND SEWER PIPES, WATER PIPES, GAS LINES, TELEPHONE LINES, ELECTRICAL CONDUITS, OR ANY OTHER UTILITY; AND ALSO FOR THE PURPOSE OF MAKING CONNECTIONS WITH THE PRESENT, EXISTING, SEWERS OR FACILITIES AND EASEMENT RESERVED FOR THE PURPOSE OF INSTALLING UNDERGROUND CONNECTIONS WITH THE PRESENT SEWERS AND GAS LINES UNDER THE ONE STORY BRICK BUILDING ABOVE MENTIONED, BUT SAID EASEMENT SHALL BE PERSONAL TO THE GRANTOR AND NOT TO THE FUTURE OWNER AND OWNERS OF THE LAND IMMEDIATELY SOUTH AND ADJOINING LAND PROVIDED THAT SAID GRANTOR INSTALLS ANY SUCH CONNECTIONS WITH THE PRESENT SEWER OR GAS LINES THEN IN SUCH EVENT SAID EASEMENT SHALL INSURE TO THE BENEFIT OF THE FUTURE OWNER AND EASEMENT RESERVED FOR PRIVATE ROADWAY OR DRIVENWAY OVER THE SOUTH 10 FEET OF THE EAST 262 FEET OF LAND AS CONTAINED IN DEED FROM THE DAVIES SUPPLY COMPANY, A CORPORATION OF ILLINOIS, TO CHICAGO

Commitment - Schedule B - Continued

METALS COMPANY SHEET AND STRIP STEEL DIVISION, A CORPORATION OF ILLINOIS, DATED AUGUST 28, 1946 AND RECORDED AUGUST 29, 1946 AS DOCUMENT 13880789 AND AS CREATED BY DEEDS FROM DAVIES SUPPLY COMPANY TO DALLAS BRASS AND COPPER COMPANY DATED NOVEMBER 3, 1924 AND RECORDED NOVEMBER 6, 1924 AS DOCUMENT 8658894 AND DATED APRIL 21, 1925 AND RECORDED APRIL 28, 1925 AS DOCUMENT 8885808 AND DATED MAY 21, 1926 AND RECORDED MAY 24, 1926 AS DOCUMENT 9284849 AND ALSO RESEVED IN AGREEMENT DATED NOVEMBER 30, 1944 AND RECORDED DECEMBER 8, 1944 AS DOCUMENT 13411811.

NOTE: SAID DOCUMENT 13411811 DISCLOSES THE EXISTENCE OF SWITCHTRACK AGREEMENT BETWEEN CHICAGO, MILWAUKEE AND ST. PAUL RAILROAD AND DAVIES SUPPLY COMPANY DATED DECEMBER 23, 1923.

NOTE: THERE ARE NO CURRENT VIOLATIONS OF THE TERMS AND CONDITIONS CONTAINED IN DOCUMENT 13411811.

(AFFECTS PARCEL 1)

13. (K) ENCROACHMENT OF THE BUILDING ON THE LAND OVER THE 7 FOOT EASEMENT ON THE WEST LINE OF THE LAND BY .26 OF A FOOT.

(AFFECTS PARCEL 1)

14. (L) TERMS, PROVISION AND CONDITION RELATING TO THE EASEMENT DESCRIBED AS PARCEL NO. 2 CONTAINED IN THE INSTRUMENT CREATING SUCH EASEMENT.

15. (M) RIGHTS OF THE ADJOINING OWNER OR OWNERS TO THE CONCURRENT USE OF THE EASEMENT.

(AFFECTS PARCEL 2)

16. (N) WE SHOULD BE FURNISHED A STATEMENT THAT THERE IS NO PROPERTY MANAGER EMPLOYED TO MANAGE THE LAND, OR, IN THE ALTERNATIVE, A FIDELI LIEN WAIVER FROM ANY SUCH PROPERTY MANAGER.

17. (O) A WRITTEN STATEMENT SHOULD BE FURNISHED FROM THE OWNER OF THE FEE IN THE LAND, STATING THAT THERE HAS BEEN NO DEFAULT IN THE PAYMENT OF RENTS; THAT THERE ARE NO DEFAULTS UNDER ANY OTHER COVENANTS OF THE LEASE TO BE PERFORMED BY THE LESSEE, AND THAT THERE ARE NO CHARGES WHICH THE OWNERS CLAIM TO BE ADDITIONAL LIENS UPON THE LEASEHOLD ESTATE.

18. (P) TERMS, AGREEMENTS, PROVISIONS, CONDITIONS AND LIMITATIONS CONTAINED IN THE LEASE DESCRIBED IN SCHEDULE 'A'.

19. (Q) WE DO NOT FIND OF RECORD AT THIS TIME, A LEASE OR MEMORANDUM OF LEASE, FOR THE ESTATE WHICH WE ARE ASKED TO INSURE.

20. (R) WE MUST BE FURNISHED WITH A WRITTEN STATEMENT FROM THE OWNERS OF THE FEE TO THE PREMISES IN QUESTION, STATING THAT THE LEASE DESCRIBED IN SCHEDULE 'A' IS IN FULL FORCE AND EFFECT AND THAT THERE ARE NO DEFAULTS THEREUNDER.

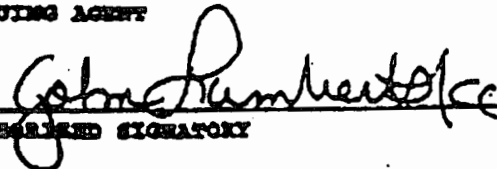
21. (S) A MEMORANDUM OF LEASE, SPECIFICALLY DEMISING THE LEASE PREMISES, OR A FULL

Commitment - Schedule B - Continued

C. NEW CONSTRUCTION: PLEASE CONTACT OUR CONSTRUCTION BACKLOG DEPARTMENT AT (312) 419-3918 WITH QUESTIONS OR COMMENTS. SWORN STATEMENTS, WAIVERS AND AFFIDAVITS SHOULD BE SUBMITTED 5 DAYS PRIOR TO CLOSING.

33. (AB) IF ANY DOCUMENT REFERENCED HEREIN CONTAINS A COVENANT, CONDITION OR RESTRICTION VIOLATIVE OF 42 USC 3604(C), SUCH COVENANT, CONDITION OR RESTRICTION TO THE EXTENT OF SUCH VIOLATION IS HEREBY DELETED.
34. (AF) RIGHT OF TENANTS UNDER EXISTING UNRECORDED LEASES AND OF ALL PARTIES CLAIMING BY, THROUGH OR UNDER THEM.

ISSUING AGENT

BY: 
AUTHORIZED SIGNATORY

NEAR NORTH NATIONAL TITLE CORPORATION

222 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60601

(312) 419-3900

FAX: (312) 419-8369

07/18/97

EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

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

_____, 1997

City of Chicago
121 North LaSalle Street
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to PETSMART, Inc., a Delaware corporation (the "Developer"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the West Grand Redevelopment Project Area (the "Project"). In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

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

In addition to the foregoing, we have examined

- (a) the original or certified, conformed or photostatic copies of the Developer's (i) Articles of Incorporation, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which the Developer is qualified to do business, (iii) By-Laws, as amended to date, and (iv) records of all corporate proceedings relating to the Project; and

(b) such other documents, records and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

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

Based on the foregoing, it is our opinion that:

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

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

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

4. Each of the Documents to which the Developer is a party has been duly executed and delivered by a duly authorized officer of the Developer, and each such Document constitutes the legal, valid and binding obligation of the Developer, enforceable

in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5. Exhibit A attached hereto (a) identifies each class of capital stock of the Developer, (b) sets forth the number of issued and authorized shares of each such class, and (c) identifies the record owners of shares of each class of capital stock of the Developer and the number of shares held of record by each such holder. To the best of our knowledge after diligent inquiry, except as set forth on Exhibit A, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the capital stock of the Developer. Each outstanding share of the capital stock of the Developer is duly authorized, validly issued, fully paid and nonassessable.

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

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

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

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

10. To the best of our knowledge after diligent inquiry, the Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public

convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

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

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

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

Very truly yours,

By: _____
Name: _____

WEST-GRAND TIF

PETSMART (WEST-GRAND TIF)

EXHIBIT K

YEAR	ASSESSED VALUE	ESTIMATED MULTIPLIER	EQUALIZED ASS. VALUE	TAX RATE	TOTAL TAXES	INCREMENTAL TAXES
1997	\$220,354	2.1243	\$468,098	9.345%	\$43,744	\$0
1998	\$393,520	2.1243	\$835,955	9.345%	\$78,120	\$0
1999	\$393,520	2.1243	\$835,955	9.345%	\$78,120	\$34,376
2000	\$393,520	2.1243	\$835,955	9.345%	\$78,120	\$34,376
2001	\$417,607	2.1243	\$887,122	9.345%	\$82,902	\$34,376
2002	\$417,607	2.1243	\$887,122	9.345%	\$82,902	\$39,158
2003	\$417,607	2.1243	\$887,122	9.345%	\$82,902	\$39,158
2004	\$443,168	2.1243	\$941,421	9.345%	\$87,976	\$39,158
2005	\$443,168	2.1243	\$941,421	9.345%	\$87,976	\$44,232
2006	\$443,168	2.1243	\$941,421	9.345%	\$87,976	\$44,232
2007	\$470,293	2.1243	\$999,044	9.345%	\$93,361	\$44,232
2008	\$470,293	2.1243	\$999,044	9.345%	\$93,361	\$49,617
2009	\$470,293	2.1243	\$999,044	9.345%	\$93,361	\$49,617
2010	\$499,079	2.1243	\$1,060,193	9.345%	\$99,075	\$49,617
2011	\$499,079	2.1243	\$1,060,193	9.345%	\$99,075	\$55,331
2012	\$499,079	2.1243	\$1,060,193	9.345%	\$99,075	\$55,331
2013	\$529,626	2.1243	\$1,125,085	9.345%	\$105,139	\$55,331
2014	\$529,626	2.1243	\$1,125,085	9.345%	\$105,139	\$61,395
2015	\$529,626	2.1243	\$1,125,085	9.345%	\$105,139	\$61,395
2016	\$562,044	2.1243	\$1,193,950	9.345%	\$111,575	\$61,395
2017	\$562,044	2.1243	\$1,193,950	9.345%	\$111,575	\$67,831
2018	\$562,044	2.1243	\$1,193,950	9.345%	\$111,575	\$67,831
2019	\$596,445	2.1243	\$1,267,029	9.345%	\$118,404	\$67,831
2020	\$596,445	2.1243	\$1,267,029	9.345%	\$118,404	\$74,660

EXHIBIT L

REQUISITION FORM

State of Illinois)
) SS
COUNTY OF COOK)

The affiant, _____ of PETSMART, Inc., a Delaware corporation (the "Developer"), being duly sworn on oath deposes and says that the Developer is the owner of the Property as defined in that certain PETSMART, Inc. Redevelopment Agreement between the Developer and the City of Chicago dated _____, 1997 (the "Agreement") and that:

A. This paragraph A sets forth and is a true and complete statement of all expenditures for the Project to date:

[Description] \$ _____

Total \$ _____
18.9% of the Total is equal to \$ _____

B. The work paid for by the expenditures described in paragraph A has been completed.

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

\$ _____

D. The Developer requests reimbursement for the following Cost of TIF-Funded Improvements:

\$ _____

E. Attached are the following documents:

1. a certification as to the status of job creation in accordance with Section 8.06 of the Agreement; and
2. a report for the year ended _____, 199__ detailing compliance with Section 10.03 of the Agreement.

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

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

2. 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.

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

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

PETSMART, Inc., a Delaware corporation

By: _____
Name
Title: _____

Subscribed and sworn before me this ___ day of _____
199__.

My commission expires: _____

Agreed and accepted:

Name
Title: _____
City of Chicago
Department of Planning and Development

EXHIBIT M

PROHIBITED USES

1. offices (except as incidental to permitted retail or commercial uses or as may be found in similar retail or commercial centers, such as, without limitation, real estate offices, insurance offices and medical/dental offices);
2. funeral homes;
3. any production, manufacturing, industrial or storage use of any kind or nature, except for storage and/or production of products incidental to the retail sale thereof from the Facility;
4. entertainment or recreational facilities, including but not limited to, a bowling alley, skating rink, electronic or mechanical game arcade (except as an incidental use to a retail or commercial business, in which case such use shall be restricted to less than five percent (5%) of the floor area occupied by such business), theater, billiard room or pool hall, health spa or studio or fitness center, massage parlor, discotheque, dance hall, banquet hall, night club, bar or tavern, "head shop," pornographic or "adult" bookstore, tattoo parlor, racquetball court or gymnasium, or other place of public amusement;
5. training or educational facilities;
6. fast food restaurants;
7. car washes, gasoline or service stations, or the displaying, repairing, renting leasing or sale of any motor vehicle, boat or trailer;
8. any use which creates a nuisance or materially increases noise or emission of dust, odor, smoke, gases or materially increases fire, explosion or radioactive hazards in the Facility; any business with drive-up or drive-through lanes, except a bank;
9. second hand or thrift stores, or flea markets;
10. any use involving Hazardous Materials, except as may be customary in first class neighborhood shopping centers in the Chicago metropolitan area.