

SECTION 2. The Modified Restructuring is hereby approved as described above. The Commissioner of D.O.H. (the "Commissioner") or a designee of the Commissioner (collectively, the "Authorized Officer") is each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable, in connection with the implementation of the Modified Restructuring. The Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with any future restructuring of the Loan which does not substantially modify the Material Terms.

SECTION 3. Notwithstanding anything to the contrary contained in the Municipal Code of Chicago (the "Municipal Code") or any other ordinance or mayoral executive order, no parties other than the owner of the Property as of the date following the date of the closing of the Modified Restructuring (the "Owner"), any legal entities which are direct owners in excess of seven and five-tenths percent (7.5%) of the Owner which changed in connection with the Modified Restructuring, and all legal entities who constitute the direct or indirect controlling parties of the Owner (as determined by the Corporation Counsel), shall be required to provide to the City the document commonly known as the "Economic Disclosure Statement and Affidavit" (or any successor to such document) in connection with the Modified Restructuring.

SECTION 4. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 5. This ordinance shall be effective as of the date of its passage and approval.

AUTHORIZATION FOR EXECUTION OF LOAN AND REDEVELOPMENT
AGREEMENT WITH AND WAIVER OF CERTAIN PERMIT FEES
FOR SENIOR SUITES CHICAGO KELVYN PARK, L.L.C. FOR
REHABILITATION OF PROPERTY AT 2701 -- 2733
NORTH CICERO AVENUE.

The Committee on Finance submitted the following report:

CHICAGO, May 14, 2008.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing entering into and executing a loan agreement and to authorize the provisions of Tax Increment Financing Funding for Senior Suites Chicago Kelvyn Park, L.L.C., amount of loan not to exceed \$5,618,115 and amount of notes not to exceed \$2,000,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Alderman Edward M. Burke abstained from voting pursuant to Rule 14 of City Council's Rules of Order and Procedure.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Flores, Fioretti, Dowell, Preckwinkle, Hairston, Lyle, Harris, Beale, Pope, Balcer, Cárdenas, Olivo, Foulkes, Thompson, Thomas, Lane, Rugai, Cochran, Brookins, Muñoz, Zalewski, Dixon, Solis, Ocasio, Burnett, E. Smith, Carothers, Reboyras, Suarez, Waguespack, Mell, Austin, Colón, Banks, Mitts, Allen, Laurino, O'Connor, Doherty, Reilly, Daley, Tunney, Levar, Shiller, Schulter, Moore, Stone -- 47.

Nays -- None.

Alderman Carothers moved to reconsider the foregoing vote. The motion was lost.

Alderman Burke invoked Rule 14 of the City Council's Rules of Order and Procedure, disclosing that he had represented parties to this ordinance in previous and unrelated matters.

The following is said ordinance as passed:

WHEREAS, The City of Chicago (the "City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, has heretofore found and does hereby find that there exists within the City a serious shortage of decent, safe and sanitary rental housing available to persons of low- and moderate-income; and

WHEREAS, The City has determined that the continuance of a shortage of affordable rental housing is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, The Congress of the United States has enacted the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. Section 12701, et seq., authorizing, inter alia, the HOME Investment Partnerships Program (the "HOME Program") pursuant to which the United States Department of Housing and Urban Development ("H.U.D.") is authorized to make funds (the "HOME Funds") available to participating jurisdictions to increase the number of families served with decent, safe, sanitary and affordable housing and to expand the long-term supply of affordable housing; and

WHEREAS, The City has received an allocation from H.U.D. of HOME Funds to make loans and grants for the purposes enumerated above and such HOME Funds are administered by the City's Department of Housing ("D.O.H."); and

WHEREAS, The City may have available certain funds in Corporate Fund Number 100 (the "Corporate Funds") to be used as the local match of HOME Funds as required under the HOME Program; and

WHEREAS, The City may have available to it certain funds (the "Program Income") derived from repayments to the City of HOME Funds and/or other returns on the investment of HOME Funds; and

WHEREAS, D.O.H. has preliminarily reviewed and approved the making of a loan to Senior Suites Chicago Kelvyn Park, L.L.C., an Illinois limited liability company (the "Borrower"), of which Senior Suites Chicago Corporation, an Illinois corporation, is the sole member (the "Member"), in an amount not to exceed Five Million Six Hundred Eighteen Thousand One Hundred Fifteen Dollars (\$5,618,115) (the "Loan"), to be funded from HOME Funds, Corporate Funds, and/or Program Income pursuant to the terms and conditions set forth in Exhibit 1 attached hereto and made a part hereof to undertake the project described in Exhibit 1 (the "Project"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council ("City Council") of the City on January 12, 2000 and published at pages 22866 through 22973 of the *Journal of the Proceedings of the City Council of the City of Chicago* (the "*Journal*") of such date (as such ordinance was amended by an ordinance adopted by the City Council on May 17, 2000 and published at pages 31999 through 32102 of the *Journal* of such date and shall be amended by an ordinance adopted by the City Council contemporaneously herewith), a certain redevelopment plan and project (the "Plan") for the Belmont/Cicero redevelopment project area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (the "Act"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on January 12, 2000 and published at pages 22974 through 22984 of the *Journal* of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "T.I.F. Ordinance") adopted by the City Council on January 12, 2000 and published at pages 22985 through 22995 of the *Journal* of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, Pursuant to Section 5/11-74.4-8(b) of the Act and the T.I.F. Ordinance, incremental taxes ("Incremental Taxes") are deposited from time to time in the "Belmont/Cicero Redevelopment Project Area Special Tax Allocation Fund" established pursuant to the T.I.F. Ordinance (the "Fund"); and

WHEREAS, The Borrower has proposed to undertake the Project in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Borrower and the City, to be financed in part by Available Incremental Taxes (as defined in Section 11 below); and

WHEREAS, Pursuant to Resolution 08-CDC-19 adopted by the Community Development Commission of the City of Chicago (the "Commission") on February 19, 2008, the Commission authorized the City's Department of Planning and Development ("D.P.D.") to negotiate a redevelopment agreement with the Borrower for the Project and to recommend that the Borrower be designated as the developer for the Project; and

WHEREAS, The Project is necessary for the redevelopment of the Area; and

WHEREAS, Pursuant to an ordinance adopted by the City Council on December 13, 2006, as may be amended or supplemented (the "Modern Schools Across Chicago Bond Ordinance"), the City intends to issue one or more series of general obligation bonds (the "Modern Schools Across Chicago Bonds") as a means of financing certain redevelopment project costs (as defined in the Act) incurred pursuant to the Plan, including but not limited to the construction and/or rehabilitation of a public school or schools located in the Area and/or a redevelopment project area under Section 3(p) of the Act that is either contiguous to, or is separated only by a public right-of-way from the Area pursuant to Section 4(q) of the Act and Section VII(C) of the Plan; and

WHEREAS, It is the City's intention to pay principal and interest on the Modern Schools Across Chicago Bonds, in whole or in part, out of Incremental Taxes, amongst other sources, pursuant to the Act; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. Upon the approval and availability of the Additional Financing as shown in Exhibit 1 hereto, the closing of the Redevelopment Agreement (as defined in Section 5 below) and the issuance of the City Note (as defined in Section 7 below), the Commissioner of

D.O.H. (the "D.O.H. Commissioner") and a designee of the D.O.H. Commissioner are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Loan and the terms and program objectives of the HOME Program. The D.O.H. Commissioner is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Loan which do not substantially modify the terms described in Exhibit 1 hereto. Upon the execution and receipt of proper documentation, the D.O.H. Commissioner is hereby authorized to disburse the proceeds of the Loan to the Borrower.

SECTION 3. In connection with the Loan by the City to the Borrower, the City shall waive those certain fees, if applicable, imposed by the City with respect to the Project (as described in Exhibit 1 hereto) and as more fully described in Exhibit 2 attached hereto and made a part hereof. The Project shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago. Section 2-44-090 of the Municipal Code of Chicago shall not apply to the Project or the Property (as such term is defined in Exhibit 1 hereto).

SECTION 4. The Borrower is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 5. The Commissioner of D.P.D. (the "D.P.D. Commissioner") or a designee of the D.P.D. Commissioner are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Borrower and the City substantially in the form attached hereto as Exhibit 3 and made a part hereof (the "Redevelopment Agreement"), and such other supporting documents as may be necessary to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement.

SECTION 6. The City Council of the City hereby finds that the City is authorized to issue its junior lien tax increment allocation revenue obligation in the maximum principal amount of Two Million Dollars (\$2,000,000), plus pay One Million Five Hundred Thousand Dollars (\$1,500,000) from Incremental Taxes deposited in the General Account of the Fund (the "Excess Incremental Taxes") as the Initial Payment (as defined in the Redevelopment Agreement), to finance a portion of the eligible costs included within the Project.

SECTION 7. There shall be borrowed for and on behalf of the City a principal amount not to exceed Two Million Dollars (\$2,000,000) for the payment of a portion of the eligible redevelopment project costs (as such term is defined under the Act) included within the Project (such costs shall be known herein and in the Redevelopment Agreement as "T.I.F.-Funded Improvements"). The borrowing shall be evidenced by a note of the City in an initial principal amount up to Two Million Dollars (\$2,000,000), designated "Junior Lien Tax Increment Allocation Revenue Note (Belmont/Cicero Redevelopment (Project), Series A" (the "City Note"). In addition, supported by a requisition form to the City from the Borrower, the City is authorized to pay the Borrower from Excess Incremental Taxes an

amount up to One Million Five Hundred Thousand Dollars (\$1,500,000) as the Initial Payment. The City Note shall be substantially in the form attached to the Redevelopment Agreement as Exhibit M and made a part hereof, with such additions or modifications as shall be determined to be necessary by the Authorized Officer (the person duly appointed and serving as the Chief Financial Officer of the City being referred to herein as an "Authorized Officer", or if there is no Chief Financial Officer, then the City Comptroller) of the City, at the time of issuance to reflect the purpose of the issue. The City Note shall be dated the date of delivery thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein. The proceeds of the City Note and the Initial Payment are hereby appropriated for the purposes set forth in this Section 7.

The City Note shall initially bear zero percent (0%) interest per annum; which rate shall be adjusted upon the issuance of the Certificate (as defined in the Redevelopment Agreement) to an annual rate of seven percent (7%), computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months. Accrued and unpaid interest on the City Note shall compound on February 1st of each year and thereafter bear interest at the same fixed interest rate that applies to the principal of the City Note.

The principal of and interest on the City Note shall be paid by check, draft or wire transfer of funds by the City Comptroller of the City, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the persons in whose names the City Note are registered at the close of business on the payment date, in any event no later than at the close of business on the fifteenth (15th) day of the month immediately after the applicable payment date; provided, that the final installment of the principal and accrued but unpaid interest of the City Note shall be payable in lawful money of the United States of America at the principal office of the Registrar or as otherwise directed by the City on or before the maturity date.

The seal of the City shall be affixed to or a facsimile thereof printed on the City Note, and the City Note shall be signed by the manual or facsimile signature of the Mayor of the City and attested by the manual or facsimile signature of the City Clerk of the City, and in case any officer whose signature shall appear on the City Note shall cease to be such officer before the delivery of the City Note, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

The City Note shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Registrar, as authenticating agent of the City for the City Note, and showing the date of authentication. The City Note shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this ordinance unless and until such certificate of authentication shall have been duly executed by the Registrar by manual signature, and such certificate of authentication upon the City Note shall be conclusive evidence that the City Note have been authenticated and delivered under this ordinance.

SECTION 8. The City shall cause books (the "Register") for the registration and for the transfer of the City Note (to the extent such transfer is permitted under the Redevelopment Agreement) as provided in this ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the City for the City Note. The City is authorized to prepare, and the Registrar shall keep custody of, multiple City Note blanks executed by the City for use in the transfer of the City Note.

Upon surrender for a transfer of the City Note authorized under the Redevelopment Agreement at the principal office of the Registrar, duly endorsed by, or accompanied by (i) a written instrument or instruments of transfer in form satisfactory to the Registrar, (ii) an investment representation in form satisfactory to the City and duly executed by, the registered owner or his attorney duly authorized in writing, (iii) the written consent of the City evidenced by the signature of the Authorized Officer (or his or her designee) and the D.P.D. Commissioner on the instrument of transfer, and (iv) any deliveries required under the Redevelopment Agreement, the City shall execute and the Registrar shall authenticate, date and deliver in the name of any such authorized transferee or transferees a new fully registered City Note of the same maturity, of authorized denomination, for the authorized principal amount of the City Note less previous retirements. The execution by the City of a fully registered City Note shall constitute full and due authorization of the City Note and the Registrar shall thereby be authorized to authenticate, date and deliver the City Note. The Registrar shall not be required to transfer or exchange a City Note during the period beginning at the close of business on the fifteenth (15th) day of the month immediately prior to the maturity date of the City Note nor to transfer or exchange a City Note after notice calling a City Note for prepayment has been made, nor during a period of five (5) days next preceding mailing of a notice of prepayment of principal of a City Note. No beneficial interests in a City Note shall be assigned, except in accordance with the procedures for transferring a City Note described above.

The person in whose name the City Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of and interest, if any, on the City Note shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon the City Note to the extent of the sum or sums so paid.

No service charge shall be made for any transfer of the City Note, but the City or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer of the City Note.

SECTION 9. Subject to the limitations set forth herein, the Authorized Officer is authorized to determine the terms of the City Note and to issue the City Note on such terms as the Authorized Officer may deem to be in the best interest of the City. The principal of the City Note shall be subject to determination, reduction and prepayment as provided in the form of City Note attached to the Redevelopment Agreement as Exhibit M and as provided in the Redevelopment Agreement, including, without limitation, Sections 2, 4.03 and 15.02 thereof.

As directed by the Authorized Officer, the Registrar shall proceed with prepayment without further notice or direction from the City. The Registrar shall note on the Payment Schedule attached to the City Note the amount of any payment of principal or interest on such City Note, including the amount of any redemption or prepayment, and the amount of any reduction in principal pursuant to the Redevelopment Agreement.

SECTION 10. The City Note hereby authorized shall be executed as in this ordinance and the Redevelopment Agreement provided as soon after the passage hereof as may be practicable and consistent with the terms of the Redevelopment Agreement, and thereupon, be deposited with the D.P.D. Commissioner, and be by said D.P.D. Commissioner delivered to the Borrower.

SECTION 11. Pursuant to the T.I.F. Ordinance, the City has created the Fund. The Authorized Officer of the City is hereby directed to maintain the Fund as a segregated interest-bearing account, separate and apart from the City's Corporate Fund or any other fund of the City. Pursuant to the T.I.F. Ordinance, all Incremental Taxes received by the City for the Area shall be deposited into the Fund.

There is hereby created within the General Account of the Fund a special subaccount to be known as the "Senior Suites Chicago Kelvyn Park, L.L.C. Project Account" (the "Project Account"). After scheduled payment of principal and interest on the Modern Schools Across Chicago Bonds out of Incremental Taxes, the City shall designate and deposit into the Project Account an amount equal to ninety-five percent (95%) of the Incremental Taxes attributable to increases in the equalized assessed value of the tax parcels comprising the Area and deposited into the General Account from and after the year in which the Certificate of Completion (as defined in Section 2 of the Redevelopment Agreement) is issued pursuant to Section 7.01 of the Redevelopment Agreement (such amount, the "Available Incremental Taxes"). Subject to the terms and conditions of the Redevelopment Agreement, the City shall use the funds in the Project Account to make payments with respect to the City Note until the City Note has been fully repaid. In the event that an event of default under the Redevelopment Agreement entitles the City permanently to terminate further payments of City Funds (as defined in the Redevelopment Agreement) with respect to the City Note, the City may in its discretion, return the amounts in the Project Account established above that would otherwise be allocated to the payment of the City Note to the Fund of the City and the Project Account shall be closed.

The City hereby assigns, pledges and dedicates the Project Account, together with all amounts on deposit therein, to the payment of the principal of and interest, if any, on the City Note when due under the terms of the Redevelopment Agreement. Upon deposit, the monies on deposit in the Project Account may be invested as hereinafter provided. Interest and income on any such investment shall be deposited in the Project Account. All monies on deposit in the Project Account shall be used to pay the principal of and interest on the City Note, at maturity or upon payment or redemption prior to maturity, in accordance with its terms, which payments from the Project Account are hereby authorized and appropriated by

the City. Upon payment of all amounts due under the City Note and the Redevelopment Agreement in accordance with their terms (or the termination of the City's obligation to make such payments), the amounts on deposit in the Project Account, as applicable, shall be deposited in the Fund of the City and the Project Account shall be closed.

Notwithstanding any of the foregoing, payments on the City Note will be subject to the availability of Available Incremental Taxes in the Project Account.

SECTION 12. The City Note is a special limited obligation of the City, and is payable solely from amounts on deposit in the Project Account and shall be a valid claim of the registered owner thereof only against said sources. The City Note shall not be deemed to constitute an indebtedness or a loan against the general taxing powers or credit of the City, within the meaning of any constitutional or statutory provision. The registered owner(s) of the City Note shall not have the right to compel any exercise of the taxing power of the City, the State of Illinois or any political subdivision thereof to pay the principal of or interest on the City Note. The City's obligation to fully repay the City Note is further limited by the terms and conditions of the Redevelopment Agreement.

SECTION 13. Monies on deposit in the Fund or the Project Account, as the case may be, may be invested as allowed under Section 2-32-520 of the Municipal Code of the City of Chicago. Each such investment shall mature on a date prior to the date on which said amounts are needed to pay the principal of or interest on the City Note.

SECTION 14. Pursuant to the Redevelopment Agreement, the Borrower shall complete the Project. The eligible redevelopment project costs of the Project constituting T.I.F.-Funded Improvements up to the principal amount of Two Million Dollars (\$2,000,000) shall be deemed to be a disbursement of the proceeds of the City Note. Upon issuance, the City Note shall have in the aggregate an initial principal balance equal to the Borrower's prior expenditures for T.I.F.-Funded Improvements (excluding the Initial Payment) up to a maximum amount of Two Million Dollars (\$2,000,000), as supported by a Certificate of Expenditure in accordance with the City Note, and subject to the reductions described in the Redevelopment Agreement. After issuance, the principal amount outstanding under the City Note shall be the initial principal balance of the City Note, plus interest thereon, minus any principal amount and interest paid on the City Note and other reductions in principal as provided in the Redevelopment Agreement.

SECTION 15. The Registrar shall maintain a list of the names and addresses of the registered owners from time to time of the City Note and upon any transfer shall add the name and address of the new registered owner and eliminate the name and address of the transferor.

SECTION 16. The provisions of this ordinance shall constitute a contract between the City and the registered owner(s) of the City Note. All covenants relating to the City Note are enforceable by the registered owner(s) of the City Note.

SECTION 17. The Mayor, the Chief Financial Officer, the City Comptroller, the City Clerk, the D.P.D. Commissioner (or his or her designee), the D.O.H. Commissioner (or his or her designee), and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and to do such other things consistent with the terms of this ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this ordinance.

SECTION 18. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the other provisions of this ordinance.

SECTION 19. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 20. This ordinance shall be effective as of the date of its passage and approval.

Exhibits 1, 2 and 3 referred to in this ordinance read as follows:

Exhibit 1.
(To Ordinance)

Borrower: Senior Suites Chicago Kelvyn Park, L.L.C., an Illinois limited liability company (the "Borrower"), of which Senior Suites Chicago Corporation, an Illinois corporation, is the sole member (the "Member"), and others to be hereafter selected as additional members.

Project: Construction of a building and a parking lot to be located at approximately 2701 -- 2733 North Cicero Avenue, Chicago, Illinois 60639 (the "Property") and of eighty-five (85) dwelling units contained therein as one-bedroom and studio units for low- and moderate-income senior citizens and of approximately forty-two (42) on-site parking spaces (and one loading space).

Loan: **Source:** HOME Program/Corporate Funds/Program Income.

Amount: Not to exceed \$5,618,115.

Term: Not to exceed 32 years.

Interest: Not to exceed 3% per annum.

Security: Non-recourse loan; second mortgage on the Property.

Additional
Financing:

1. Amount: Not to exceed \$2,232,000.

Term: Not to exceed 32 years.

Source: Harris N.A., or another entity acceptable to the D.O.H. Commissioner.

Interest: Not to exceed 12% per annum.

Security: Non-recourse loan; first mortgage on the Property (the "First Mortgage").

2. Amount: Not to exceed \$1,600,000.

Term: Not to exceed 13 years.

Source: Harris N.A., or another entity acceptable to the D.P.D. Commissioner.

Interest: A rate equal to that of the City Note.

Security: Non-recourse loan; First Mortgage, pledge or assignment of the City Note, pledge or assignment of the Borrower's interest in the Redevelopment Agreement, and pledge or assignment of the Member's interest in the Borrower.

3. Amount: Not to exceed \$1,250,000.

Term: Not to exceed 32 years.

Source: The Illinois Housing Development Authority, or another entity acceptable to the D.O.H. Commissioner.

Interest: Not to exceed 1% per annum.

Security: Non-recourse loan; third mortgage on the Property.

4. Low-Income
Housing Tax
Credit ("L.I.H.T.C.")

Proceeds: Approximately \$6,873,120.

Source: To be derived from the syndication by the Sole Member of \$800,000 L.I.H.T.C. allocation by the City.

Exhibit 2.
(To Ordinance)

Fee Waivers.

Department Of Construction And Permits.

Waiver of Plan Review, Permit and Inspection Fees:

A. Building Permit:

Zoning.

Construction/Architectural/Structural.

Internal Plumbing.

H.V.A.C.

Water for Construction.

Smoke Abatement.

B. Electrical Permit:

Service and Wiring.

C. Elevator Permit (if applicable).

D. Wrecking Permit (if applicable).

E. Fencing Permit (if applicable).

F. Fees for the review of building plans for compliance with accessibility codes by the Mayor's Office for People with Disabilities imposed by Section 13-32-310(2) of the Municipal Code of Chicago

Department Of Water Management.

Tap Fees.

Cut and Seal Fees.

(Fees to purchase B-boxes and remote read-outs are not waived.)

Permit (connection) and Inspection Fees.

Sealing Permit Fees.

Department Of Transportation.

Street Opening Fees.

Driveway Permit Fees.

Use of Public Way Fees.

Exhibit "3".
(To Ordinance)

Senior Suites Chicago Kelvyn Park, L.L.C.
Redevelopment Agreement.

This Senior Suites Chicago Kelvyn Park, LLC Redevelopment Agreement (this "Agreement") is made as of this _____ day of _____, 2008, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Senior Suites Chicago Kelvyn Park, LLC, an Illinois limited liability company (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., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted ordinances (collectively, the "TIF Ordinances") on January 12, 2000 approving a redevelopment plan for the Belmont/Cicero Redevelopment Project Area (as amended pursuant to ordinances adopted on May 17, 2000 and _____, 2008), designating the Belmont/Cicero Redevelopment Project Area as a redevelopment project area pursuant to the Act, and adopting tax increment allocation financing for the Belmont/Cicero Redevelopment Project Area (the "TIF Adoption Ordinance"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Developer has purchased (the "Acquisition") certain property located within the Redevelopment Area at 2701-33 North Cicero Avenue, Chicago, Illinois 60639 and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete the following activities (the "Project"): construction of a six-story rental elevator building ("Building") on the Property, which will include a congregate rental community for seniors (age 62 or older), with 85 rental units, which will offer approximately 6,000 square feet of community space, and no fewer than 42 parking spaces free of charge on a first-come first-served basis (the "Facility"). The Facility shall have a green roof measuring approximately 50% of the Building's net roof area (i.e., exclusive of mechanical penthouses, skylights, roof-mounted air handling equipment, etc.). The following standard features will be offered at no additional fee: emergency pull-cords in the bedrooms and bathrooms; electronically-monitored up-and-about check-in system; wall-to-wall carpeting; mini-blinds; individually controlled heating and cooling; and full kitchens. Common area amenities will include a main floor multi-purpose activity and dining room, and additional lounges with additional library and fitness amenities located in the Building. A City Department of Senior Services satellite service center also will be constructed on the first floor. The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth in 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 Belmont/Cicero Redevelopment Project Area Tax Increment Financing Program Redevelopment Plan (the "Redevelopment Plan") attached hereto as Exhibit D.

F. Lender Financing: The City acknowledges that Lender Financing for the Project is to be provided as set forth in Exhibit F attached hereto (the "Lender Financing").

G. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, the proceeds of the City Note (defined below) and/or Incremental Taxes to reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement and the City Note. In addition, the City may, in its discretion, issue TIF Bonds (as defined below) secured by Incremental Taxes pursuant to a bond ordinance (the "TIF Bond Ordinance") at a later date, the proceeds of which (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Incremental Taxes (including any such payment made pursuant to any City Note provided to the Developer pursuant to this Agreement), to make payments of principal and interest on the City Note, or in order to reimburse the City for the costs of TIF-Funded Improvements.

H. Modern Schools Across Chicago Bonds: Pursuant to an ordinance adopted by the City Council on December 13, 2006, as may be amended or supplemented (the "Modern Schools Across Chicago Bond Ordinance"), the City intends to issue one or more series of general obligation bonds (the "Modern Schools Across Chicago Bonds") as a means of financing certain

redevelopment project costs (as defined in the Act) incurred pursuant to the Redevelopment Plan, including but not limited to the construction and/or rehabilitation of a public school or schools located in the Redevelopment Area and/or a "redevelopment project area" under Section 3(p) of the Act that is either contiguous to, or is separated only by a public right of way from the Redevelopment Area pursuant to Section 4(q) of the Act and Section VII(C) of the Redevelopment Plan. It is the City's intention to pay scheduled principal and interest on the Modern Schools Across Chicago Bonds, in whole or in part, out of Incremental Taxes (as such term is defined below), amongst other sources, pursuant to the Act.

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

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

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

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

"AMI" shall mean the area median income for the Chicago Metropolitan Area, as published annually by the Department of Housing and Urban Development.

"Available Incremental Taxes" shall mean an amount equal to 95% of the Incremental Taxes commencing in the year in which the Certificate issues, after the scheduled payment of principal and interest on the Modern Schools Across Chicago Bonds.

"Belmont/Cicero TIF Fund" shall mean the Belmont/Cicero Redevelopment Project Area Special Tax Allocation Fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

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

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

"Certificate of Expenditure" shall mean any Certificate of Expenditure referenced in the City Note pursuant to which the principal amount of the City Note will be established.

"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.

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

"City Funds" shall have the meaning set forth in Section 4.03(b) hereof.

"City Note" shall mean the taxable Tax Increment Allocation Revenue Note (Belmont/Cicero Redevelopment Project), Series 20__A, to be in the form attached hereto as Exhibit M, in the initial principal amount of \$2,000,000 issued by the City to the Developer on or as of the date hereof. The payment of principal of and interest on the City Note is subject and subordinate to the payment of the Modern Schools Across Chicago Bonds. The maximum principal amount of the City Note is subject to a reduction of \$0.50 for every \$1.00 of actual Project costs (exclusive of contingencies and developer fee line items) that are below the Project Budget (exclusive of contingencies and developer fee line items) as set forth on Exhibit H; provided, however, that the foregoing provision is subject to waiver in the discretion of DPD. The City Note shall initially bear 0% per annum interest, which rate shall be adjusted upon the issuance of the Certificate to an annual rate of 7%.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Construction Contract" shall mean 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.

"DOH" shall mean the City's Department of Housing, which shall act on the City's behalf in certain respects as set forth herein.

"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, including but not limited to the Municipal Code of Chicago, Section 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560.

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

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

"Escrow Agreement" shall mean the Escrow Agreement establishing a construction escrow, to be entered into as of the date hereof by the Title Company (or an affiliate of the Title Company) as escrow agent, the Developer and the Developer's lender(s), which shall provide that the City shall receive copies of any draw requests and related documents submitted to the Title Company for disbursement thereunder.

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

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

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

"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 the Belmont/Cicero TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Initial Payment" shall have the meaning set forth in Section 4.03(b).

"Lender" means any party providing Lender Financing.

"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.

"Managing Member" shall mean Senior Suites Chicago Corporation, an Illinois corporation, and the Managing Member of the Developer.

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

"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.

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

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

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

"Project Budget" shall mean the budget attached hereto as Exhibit H, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

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

"Qualified Investor" shall mean a qualified institutional buyer (QIB) or a registered investment company.

"Qualified Transfer" shall mean (i) a pledge of the City Note and/or this Agreement to a Lender providing Lender Financing, (ii) after issuance of the Certificate, the sale of the City Note to a Qualified Investor or to a trust where certificates of participation are sold to Qualified Investors, or (iii) any other such sale or pledge as is reasonably acceptable to the Commissioner.

"Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the Recitals hereof.

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

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit L, to be delivered by the Developer to DPD pursuant to Section 4.04 of this Agreement.

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

"Services" shall mean on-site meal services, housekeeping, planned activities, and scheduled transportation as may be offered at the Facility from time to time.

"Survey" shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM 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 in connection with the construction of the Facility and related improvements as required by the City or Lender(s) providing Lender Financing).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the later of: (a) any date to which DPD and the Developer have agreed or (b) the date on which the Redevelopment Area is no longer in effect (through and including December 31, 2024).

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

"TIF Bonds" shall have the meaning set forth in the Recitals hereof and in Section 8.05.

"TIF Bond Ordinance" shall have the meaning set forth in the Recitals hereof and in Section 8.05.

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

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

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

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

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

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence construction no later than August 1, 2008 (or as otherwise approved by DOH); and (ii) complete construction and conduct business operations therein no later than December 31, 2009 (or as otherwise approved by DOH).

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings and Plans and Specifications to DOH and DOH has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DOH as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Department of Buildings, 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 approximate amount not less than \$19,423,235. 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 DOH and DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. (a) Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DOH's Construction Division (33 North LaSalle Street, 11th Floor, Chicago, Illinois 60602, Attention: Deputy Commissioner) concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to DOH for DOH's prior written approval: (a) a reduction in the square footage of the Facility by more than 5%; (b) a change in the use of the Property to a use other than residential rental housing for seniors; (c) a delay in the commencement or completion of the Project; and (d) Change Orders which increase the Project Budget by more than 10% individually or in the aggregate. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DOH's written approval (to the extent required in this Section), which approval shall not be unreasonably withheld.

(b) The Developer must provide DPD with copies of all DOH-approved Change Orders (and documentation substantiating the need and identifying the source of funding therefore) relating to material changes to the Project concurrently with the progress reports described in Section 3.07 hereof.

3.05 DPD or DOH Approval. Any approval granted by DPD or DOH 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 or DOH 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 or DOH 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 DOH's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as may be required hereunder.

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD and DOH with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any extension of completion date 30 days beyond the date for completion set forth in Section 3.01(i), above being considered a Change Order, requiring DOH's written approval pursuant to Section 3.04). Developer may satisfy this requirement by providing copies of General Contractor's draw requests and quarterly General Contractor activity reports. The Developer shall provide three (3) copies of an updated Survey to DPD and DOH upon the request of DPD, DOH 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 DOH 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 the City, prior to requests for disbursement for costs related to the Project hereunder pursuant to the Escrow Agreement. At Developer's option, the inspecting architect shall be the inspecting architect engaged by any Lender providing Lender Financing for the Project provided that said architect is an independent architect licensed by the State of Illinois.

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, 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; provided, however, that the ordinance authorizing this Agreement provides for the waiver of certain such fees.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$19,423,235 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>)	
Syndication of Low-Income Housing Tax Credits	\$ 6,873,120
Deferred Developer Fee	\$ 350,000
Estimated City Funds (subject to <u>Section 4.03</u>) – Initial Payment	\$ 1,500,000
Lender Financing	
Loan from Harris N.A. *	\$ 2,232,000
Loan from City acting through DOH**	\$ 5,618,115
Loan from Illinois Housing Development Authority***	\$ 1,250,000
Loan from Harris N.A. ****	<u>\$ 1,600,000</u>
ESTIMATED TOTAL	\$19,423,235

* secured by first mortgage on Property (the "First Mortgage")

** secured by second mortgage on Property

*** secured by third mortgage on Property

**** secured by First Mortgage, pledge or assignment of City Note, pledge or assignment of Agreement, and pledge or assignment of Managing Member's interest in Developer

4.02 Developer Funds. Equity, the Initial Payment 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 only be used to pay directly or reimburse the Developer for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Sections 4.03(b) and 4.05(b)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. Notwithstanding the obligation to reimburse the Developer on a pay-as-you-go basis for Redevelopment Project Costs to the extent forth in Exhibit C, the maximum amount of City Funds shall be reduced on a \$0.50-for-\$1 basis to the extent that the actual costs of the Project (excluding the developer's fee) are less than the budgeted costs of the Project as set forth in Project Budget; provided, however, that the foregoing provision is subject to waiver in the discretion of DPD.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City funds from the sources and in the amounts described directly below (the "City Funds") to pay for or

reimburse the Developer for the costs of the TIF-Funded Improvements:

(i) Initial Payment. The City will make an initial payment of \$1,500,000 (the "Initial Payment") on the Closing Date. The Developer shall deposit the Initial Payment into the Escrow as "equity" for purposes of the Escrow Agreement. The Initial Deposit shall be disbursed out of the Escrow as "equity" pursuant to the terms of the Escrow Agreement.

(ii) City Note. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to issue the City Note to the Developer on the Closing Date. The Initial Payment together with the principal amount of the City Note shall not exceed the amount of TIF-Funded Improvements which have been incurred by the Developer and are to be reimbursed by the City through the Initial Payment and payments of principal and interest on the City Note, subject to the provisions hereof; provided, however, that payments under the City Note and the Initial Payment are subject to the amount of Available Incremental Taxes deposited into the Belmont/Cicero TIF Fund being sufficient for such payments. The City Note will be used to reimburse the Developer for TIF-Funded Improvements incurred in the Project. From the date of issuance of the Certificate, the City Note will be funded solely from Available Incremental Taxes. Interest on the City Note will only begin to accrue interest upon the issuance of the Certificate. If, upon issuance of the Certificate, the principal amount of the City Note exceeds the costs of TIF-Funded Improvements incurred in the Project, the principal amount of the City Note, and any accrued interest, will be reduced accordingly.

(iii) Payments on the City Note. No payment shall be made on the City Note until after the issuance of the Certificate. The first payment with respect to the City Note shall be made on the later to occur of February 1 of the year following (from Available Incremental Taxes received by the City in the prior year) or two months after the City's receipt of a Requisition Form in accordance with Section 4.04. Thereafter, annual payments shall be made on the later to occur of February 1st of each subsequent calendar year or two months after the City's receipt of a Requisition Form. If, in any year, the City does not make such scheduled annual payment, then, in the next year (and if required, any subsequent years), Available Incremental Taxes shall (a) first be applied to repay any shortfall amounts, (b) next applied to make such year's scheduled annual principal and interest payment and (c) then applied to prepay the City Note. The City Note may be prepaid in whole or in part, without premium or penalty, at any time.

If the Developer defaults pursuant to Section 15.01, interest shall immediately cease to accrue on the City Note effective as of the date on which the Event of Default is deemed to have occurred pursuant to Section 15.03, and no payments shall be made with respect to the City Note during any cure period applicable to such default. Any Available Incremental Taxes that would have been used to make payments during such time period shall, however, be reserved by the City pending the possible cure of such default. If such default is cured, interest shall again begin to accrue on the City Note effective as of the actual date on which the default is cured and any reserved payments of Available Incremental Taxes shall be released by the City and used to pay the City Note. If such default is not cured or is not subject to a cure period, the City shall have the remedies set forth in Section 15.02.

(iv) Transfer of City Note. After its issuance, the Developer may sell or pledge the City Note pursuant to a Qualified Transfer. Notwithstanding any such permitted pledge, the City shall have no obligation to make any payments with respect to the City Note except to the Developer (provided,

however, that the Developer may give the City written direction to direct payment to another party), and then subject to the conditions set forth in this Agreement, including but not limited to Section 18.15, and in the City Note.

(v) Cessation of City Note Payments. If an Event of Default occurs (but subject to Section 15.03), the City shall have no further obligations to make any payments with respect to the City Note and the City shall have the remedies set forth in Section 15.

(vi) Other Incremental Taxes. Any Incremental Taxes that are not either (a) Available Incremental Taxes or (b) required to make payments under this Agreement (whether because all currently due payments have been made, because of an Event of Default entitling the City to terminate further payments with respect to the City Note, because of the full repayment of the City Note, or otherwise) shall belong to the City and may be pledged or used for such purposes as the City deems necessary or appropriate.

(vii) Subordination of City Note. The City, during the Term of the Agreement, may not subordinate the Developer's prior right to receive Available Incremental Taxes in connection with the City Note to other obligations of the City to be paid from Incremental Taxes (including but not limited to Available Incremental Taxes) without the Developer's prior written consent to such subordination. For purposes of the foregoing, "other obligations of the City to be paid from Incremental Taxes (including but not limited to Available Incremental Taxes)" shall not include the Modern Schools Across Chicago Bonds, in connection with which no consent from or other approval by the Developer shall be required.

4.04 Construction Escrow; Requisition Form. The City must receive copies of any draw requests and related documents submitted to the Title Company for disbursements under the Escrow Agreement.

Prior to each December 1 and continuing annually thereafter, beginning with the year in which the Certificate is issued 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. DPD shall retain the right to approve or reject any cost in the Project or in any Requisition Form as (i) a TIF-Funded Improvement or (ii) a part of the actual total Project costs. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than one time per calendar year (or as otherwise permitted by DPD). If requested by DPD, on such date as may be acceptable to the parties, beginning after the first Requisition Form is delivered to the City and continuing throughout the Term of the Agreement, the Developer shall meet with DPD to discuss the Requisition Form(s) previously delivered.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

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

by the Developer pursuant to Section 4.01 hereof.

(b) 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 \$150,000 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, and if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions of Execution of Certificate of Expenditure. Prior to each execution of a Certificate of Expenditure by the City, the Developer shall submit documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Developer to DPD of any request for execution by the City of a Certificate of Expenditure hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for execution of a Certificate of Expenditure, that:

(a) the total amount of the request for Certificate of Expenditure represents the actual cost of the Acquisition or the actual amount 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 request for Certificate of Expenditure have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current request for Certificate of Expenditure, 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 that are not (i) otherwise insured over by the Title Company to the satisfaction of the City or (ii) Permitted Liens;

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

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

further disbursement of the City Funds shall be made.

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

4.08 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed as provided in Section 7.03(c) hereof.

SECTION 5. CONDITIONS PRECEDENT

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

5.01 Project Budget. The Developer has submitted to DOH and DPD, and DOH and DPD 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 has submitted to DOH, and DOH has approved, the Scope Drawings and Plans and Specifications in accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. The Developer has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and has submitted evidence thereof to DPD and/or DOH.

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

5.05 Acquisition and Title. On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on Exhibit G hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's

comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer has provided to DPD, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches under the Developer's name and the Managing Member'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, Pending suits and judgments Cook County	

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

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

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

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

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

5.11 Financial Statements. The Developer has provided Financial Statements to DPD for its most recent fiscal year, and audited or unaudited interim financial statements.

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

5.13 Environmental. The Developer has provided DPD with copies of that certain phase I environmental audit completed with respect to the Property and any phase II environmental audit with respect to the Property required by the City. The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Corporate Documents; Economic Disclosure Statement. The Developer has provided a copy of its Articles of Organization containing the original certification of the Secretary of State of Illinois; the Operating Agreement; a certificate of good standing from the Secretary of State of Illinois; a secretary's certificate regarding authorization, incumbency and other matters in such form and substance as the Corporation Counsel may require; and such other documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement for the Developer and such other entities as may be required by Corporation Counsel in the City's current form dated (or re-certified) as of the Closing Date.

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

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 [intentionally omitted]

6.02 Construction Contract. Prior to the execution thereof, the Developer shall deliver to DOH a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above, for DOH'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 DOH 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 the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor (or other contractor or subcontractor doing such work in the public way) be bonded for its payment by sureties having an AA rating or better using a bond in the form attached as Exhibit N hereto. The City shall be named as obligee or co-obligee on any such bonds.

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

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 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement) Section 10.03 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION

7.01 Certificate of Completion of Construction. Upon completion of the construction of the Project in accordance with the terms of this Agreement and related development activities, 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 construct the Project in accordance with the terms of this Agreement.

(a) The Certificate will not be issued until:

(i) The Developer has notified the City in writing that the Project has been completed as defined in this Agreement;

(ii) The Developer has received a Certificate of Occupancy or other evidence acceptable to DPD that the Developer has complied with building permit requirements;

(iii) [intentionally omitted]; and

(iv) The City's Monitoring and Compliance Unit has verified that the Developer is in full compliance with City requirements set forth in Section 10 (M/WBE and City Residency) with respect to construction of the Project.

(b) DPD shall respond to the Developer's written request for a Certificate within forty-five (45) 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 completion of the Project and related development activities, 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 Sections 8.01(m), 8.02, and 8.19(c) as covenants that run with the land, are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement which 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 has, but shall not be limited to, any of the following rights and remedies, subject to Sections 15.02 through 15.04 hereof:

(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.

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

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

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

(a) the Developer is an Illinois limited liability company duly organized, validly existing, qualified to do business in the State of 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 action, and does not and will not violate its Articles of Organization or operating agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) unless otherwise permitted or not prohibited pursuant to or under the terms of this Agreement, the Developer shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon) free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

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

(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 (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

(l) the Developer has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City;

(m) the Developer shall not convert the Project to a condominium or co-operative form of ownership during the Term of the Agreement but shall at all times operate the Project as a residential rental property. The covenant set forth in this Section 8.01(m) shall run with the land and be binding upon any transferee of the Property; and

(n) neither the Developer nor any affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subsection only, "affiliate" means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in

concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

8.02 Covenant to Redevelop. Upon 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 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 8.02 shall run with the land and be binding upon any transferee.

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 TIF 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 Redevelopment Area, the proceeds of which may be used to pay outstanding principal and interest on the City Note and to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements (the "TIF Bonds"); 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 TIF 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. Developer shall not have any liability to the City with respect to any disclosures made in connection with any such issuance that are actionable under applicable securities laws unless such disclosures are based on factual information provided by Developer that is determined to be false or misleading.

8.06 Job Creation and Retention. It is anticipated that the Project will generate approximately five full-time equivalent jobs during the construction period, and approximately thirty full-time equivalent, permanent jobs will be retained by the Developer at the Project for a five year period upon completion thereof. Developer shall use commercially reasonable efforts to comply with this provision.

8.07 Employment Opportunity, Progress Reports. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City monthly written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

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

employment profile upon DPD's request.

8.09 Prevailing Wage. On account of the Lender Financing in the amount of \$5,618,115 being provided by the City, acting through its Department of Housing, to the Developer out of funds available pursuant to the HOME Investment Partnerships Program authorized by the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. Section 12701 et seq., the Project is subject to the requirements of the Davis-Bacon Act, 40 U.S.C. Section 276a et seq. Accordingly, pursuant to 820 ILCS 130/11, Section 11 of the Illinois Prevailing Wage Act (820 ILCS 130/0/01 et seq.), the requirements of Illinois Prevailing Wage Act shall not apply to the Project.

8.10 Arms-Length Transactions. Unless DPD has 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 or DOH Financial Statements for the Developer's fiscal year ended December 31, 2009 and each 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 or DOH 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 has the right, before any delinquency occurs:

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

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

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

8.17 Compliance with Laws. To the best of the 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, including but not limited to the Municipal Code of Chicago, Section 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560, whether or not in the performance of this Agreement. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.18 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in 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 has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. 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,

(iii) 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

(iv) 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) Acknowledgment of Real Estate Taxes. The Developer agrees that for the purpose of this Agreement, the minimum assessed value of the Property ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference.

(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; provided, however, nothing contained in this provision shall preclude Developer from applying for and receiving any reduction in the amount of real estate taxes payable for the Project or the Property, subject to the provisions of clause (iii) below.

(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; provided, however, the Developer is permitted to apply for a Class 9 designation from Cook County even if such designation with respect to the Property would result in a Minimum Assessed Value below that shown in Exhibit K.

(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 Property 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(c) are covenants running with the land 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 (including, without limitation, any sale and leaseback), 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).

8.20 [intentionally omitted]

8.21 [intentionally omitted]

8.22 **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 Chief Procurement Officer of the City.

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

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

acceptance of the work constituting the Project.

At the direction of DPD, affidavits and other supporting documentation will be required of the Developer, the General Contractor and each 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 Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City 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.

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

- i. At least 24 percent by MBEs;
- ii. At least 4 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 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, 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. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor with a non-MBE/WBE General Contractor or subcontractor without the prior written approval of DPD.

(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. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and DPD shall have access to all such records maintained by the Developer, 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 Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(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 and 2-92-730, Municipal Code of Chicago, as applicable.

(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, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; and (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings. 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 reimbursement of any City Funds paid to the Developer and exercise 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, 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 provide and maintain, or cause to be provided, at the Developer's own expense, during the Term of the Agreement (or as otherwise specified below), the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

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

(i) Workers Compensation and Employers Liability Insurance

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

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

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

(b) Construction

(i) Workers Compensation and Employers Liability Insurance

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

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

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

(iii) Automobile Liability Insurance (Primary and Umbrella)

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

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or transit property,

Contractor shall provide, or cause to be provided with respect to the operations that the Contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy has limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) Builders Risk Insurance

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

(vi) Professional Liability

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

(vii) Valuable Papers Insurance

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

(viii) Contractor's Pollution Liability

When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(c) Term of the Agreement

- (i) Prior to the execution and delivery of this Agreement and during construction

of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

- (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. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(d) Other Requirements

The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room ____, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Developer shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.

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

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

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

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

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

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

The Developer shall require the General Contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the General Contractor, or

subcontractors. All General Contractors and subcontractors shall be subject to the same requirements (Section (d)) of Developer unless otherwise specified herein.

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

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

SECTION 13. INDEMNIFICATION

13.01 General Indemnity. Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee," and collectively the "Indemnitees") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

(i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

(ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

(iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Developer shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost

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

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

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;

(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;

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

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

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or 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); or

(k) the sale or attempted sale or transfer of the City Note (other than a Qualified Transfer) without the express written approval of DPD; or

(l) prior to the expiration of the Term of the Agreement, the sale or transfer of all or a majority of the ownership interests of the Developer without the prior written consent of the City. Notwithstanding anything to the contrary contained in this Agreement, the withdrawal, removal and/or replacement of the Developer's Managing Member(s) for cause in accordance with the Developer's operating agreement shall not require the consent of the City and shall not constitute a default under this Agreement. If the Developer's equity investor exercises its right to remove the Managing Member thereof under the Developer's operating agreement, the City shall not unreasonably withhold its consent to the substitute managing member if it is other than the Developer's equity investor or an affiliate of the Developer's equity investor. Notwithstanding the foregoing, the substitute managing member shall assume all of the rights and obligations of the removed managing member under this Agreement. Notwithstanding anything to the contrary contained in this Agreement, the respective interests of the Developer's equity investor shall be transferable to any affiliate of the Developer's equity investor without the consent of the City. The respective interests of Developer's equity investor shall be transferable to a non-affiliate of the Developer's equity investor, with the consent of the City, which consent shall not be unreasonably withheld. Any partner, member or other ownership interest in the Developer's equity investor shall be transferable without the consent of the City.

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

15.02 Remedies. Upon the occurrence of an Event of Default and the expiration of any applicable cure period(s) pursuant to Sections 15.03 and/or 15.04 hereof, the City may terminate this Agreement and all related agreements and 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 repayments to the City of City Funds provided to the Developer under this Agreement, injunctive relief or the specific performance of the agreements contained herein.

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

15.04 Right to Cure by Lender. In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in the termination of this Agreement or the cancellation, suspension, or reduction of any payment due from the City under this Agreement, the City shall send notice of such intended exercise to the parties identified in Section 17 and to any Lender providing Lender Financing secured by Qualified Transfer of the City Note and such Lender shall have the right (but not the obligation) to cure such an Event of Default under the following conditions:

(a) if the Event of Default is a monetary default, any party entitled to cure such default may cure it within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such monetary default; or (ii) receipt by the Lenders of such notice from the City; and

(b) if the Event of Default is of a non-monetary nature, any party entitled to cure such default shall have the right to cure it within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such non-monetary default; or (ii) receipt of such notice from the City; provided, however, that if such non-monetary default is not reasonably capable of being cured by any party entitled to cure such default within such 30-day period, such period shall be extended for such reasonable period of time as may be necessary to cure such default, provided that the party seeking such cure must continue diligently to pursue such cure and, if possession of the Project is necessary to effect such cure, the party seeking such cure must have instituted appropriate legal proceedings to obtain possession.

SECTION 16. MORTGAGING OF THE PROJECT

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

herein as a "New Mortgage." Any New Mortgage that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer as follows:

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

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage 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 as to the Property; such mortgagee shall not be entitled to payments under the City Note without the express written consent of the City, which consent shall not be unreasonably withheld; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer 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. Subject to the first sentence of this Section 16(b), no party shall be entitled to payment under the City Note without the express written consent of the City.

(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 ____
Chicago, Illinois 60602
Attention: Commissioner

And

City of Chicago
Department of Housing
33 North LaSalle Street, Second Floor
Chicago, Illinois 60602
Attention: Commissioner

With Copies To:

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

If to the Developer:

Senior Suites Chicago Kelvyn Park, LLC
111 East Wacker Drive, Suite 2200
Chicago, Illinois 60601
Attention: Robert M. Gawronski

With Copies To:

Rick Ingram, Esq.
Shelsky & Froelich Ltd.
111 East Wacker Drive, Suite 2800
Chicago, Illinois 60601

And

David P. Cohen, Esq.
Katten Muchin Rosenman LLP
525 West Monroe Street, Suite 1900
Chicago, Illinois 60661

And

Boston Capital Corporation
One Boston Place, Suite 2100
Boston, Massachusetts 02108

And

Holland & Knight, LLP
10 St. James Avenue
Boston, Massachusetts 02116
Attention: Kristin A. DeKuiper, Esq.

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

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 18.01 shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in Sections 10.02 and 10.03 hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than ninety (90) days.

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

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

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. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or

any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

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

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

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

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

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

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances, 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, DOH, DPD or the Commissioner, or any matter is to be to the City's, DOH'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, DOH, 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, DOH or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 Assignment. The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, provided, however, that the Developer may collaterally assign its interest in this Agreement to a Lender providing Lender Financing pursuant to a Qualified Transfer if any such Lender requires such collateral assignment. 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 pursuant to Section 16(b), including but not limited to Sections 8.19 (Real Estate Provisions), and 8.22 (Survival of Covenants)

hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

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

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

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

18.22 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of

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

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.

SENIOR SUITES CHICAGO KELVYN PARK, LLC,
an Illinois limited liability company

By: Senior Suites Chicago Corporation,
an Illinois corporation,
its managing member

By: _____
Name: _____
Its: _____

CITY OF CHICAGO

By: _____
Name: _____
Its: Commissioner
Department of Planning and Development

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, _____, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that _____, personally known to me to be the _____ of Senior Suites Chicago Corporation, an Illinois corporation and managing member of Senior Suites Chicago Kelvyn Park, LLC, an Illinois limited liability company (the "Developer"), and

personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the members of the Developer, as his/her free and voluntary act and as the free and voluntary act of the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this ___ day of _____, 200_.

Notary Public

My Commission Expires_____

(SEAL)

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

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

GIVEN under my hand and official seal this ___ day of _____, 200_.

Notary Public

My Commission Expires_____

(SEAL)

[(Sub)Exhibits "A", "D", "E", "I", "K" and "N" referred to in this Senior Suites Chicago Kelvyn Park, L.L.C. Redevelopment Agreement unavailable at time of printing.]

(Sub)Exhibits "B", "C", "F", "G", "H", "J", "L" and "M" referred to in this Senior Suites Chicago Kelvyn Park, L.L.C. Redevelopment Agreement read as follows:

(Sub)Exhibit "B".
(To Senior Suites Chicago Kelvyn Park, L.L.C.
Redevelopment Agreement)

Property.

[legal description not required for ordinance]

13-27-304-001-0000

13-27-304-002-0000

13-27-304-003-0000

13-27-304-004-0000

13-27-304-005-0000

13-27-304-006-0000

13-27-304-007-0000

13-27-304-008-0000

13-27-304-009-0000

13-27-304-010-0000

2701 -- 2733 North Cicero Avenue
Chicago, Illinois 60639.

(Sub)Exhibit "C".
(To Senior Suites Chicago Kelvyn Park, L.L.C.
Redevelopment Agreement)

T.I.F.-Funded Improvements.

Property Assembly and Site Preparation Costs: \$3,663,000

In no event shall the City reimburse the Developer in excess of the lesser of (a) Three Million Five Hundred Thousand Dollars (\$3,500,000) or (b) eighteen and two-hundredths percent (18.02%) of the Project Costs, as set out in the final Project Budget.

(Sub)Exhibit "F".
(To Senior Suites Chicago Kelvyn Park, L.L.C.
Redevelopment Agreement)

Lender Financing.

Loan from Harris N.A.*	\$2,232,000
Loan from City acting through D.O.H.**	\$5,618,115
Loan from Illinois Housing Development Authority***	\$1,250,000
Loan from Harris N.A.****	\$1,600,000

(Sub)Exhibit "G".
(To Senior Suites Chicago Kelvyn Park, L.L.C.
Redevelopment Agreement)

Permitted Liens.

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable

* secured by first mortgage on Property (the "First Mortgage").

** secured by second mortgage on Property.

*** secured by third mortgage on Property.

**** secured by First Mortgage, pledge or assignment of City Note, pledge or assignment of Agreement and pledge or assignment of Managing Member's interest in Developer.

title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against the Developer or the Project, other than fines against the Property, if any:

[To be completed by Developer's counsel, subject to City approval.]

(Sub)Exhibit "H".
(To Senior Suites Chicago Kelvyn Park, L.L.C.
Redevelopment Agreement)

*Senior Suites Of Kelvyn Park -- Eighty-five (85) Units
Project Budget
April 3, 2008.*

1. Survey	\$ 11,000
2. Environmental Studies/Remediation	85,000
3. Market Study	7,500
4. Soil Test	8,000
5. Appraisal	10,000
6. Land-Use Study	3,000
7. Land and Carrying Costs	3,663,000
8. Title and Recording	25,000
9. Construction Period Insurance	42,000
10. Construction Cost/Perf Bond	12,032,405
11. Demolition/Site Development	Incl.

12.	Major Moveables	\$	83,000
13.	Food Machines		32,000
14.	Construction Contingency		591,940
15.	Construction Period Taxes		40,000
16.	Construction Period Interest		60,000
17.	Marketing		63,000
18.	Model/Office		30,000
19.	Rent-up Reserve		195,000
20.	Legal Fees (Sponsor)		120,000
21.	Tax Credit Fee		40,000
22.	Loan Application Fees		1,750
23.	Miscellaneous Syndication Costs		10,000
24.	Accounting Fees		16,000
25.	First Mortgage Points		44,640
26.	T.I.F. Bridge Loan Points		32,000
27.	T.I.F. Bridge Loan Interest Reserve		180,000
28.	Architect/Design Fees		440,000
29.	Construction Inspection Fee		7,000
30.	Developer's Fee (Including Deferred Dev. Fee)		1,350,000
31.	Operating Reserve		<u>200,000</u>
			\$19,423,235

(Sub)Exhibit "J".
(To Senior Suites Chicago Kelvyn Park, L.L.C.
Redevelopment Agreement)

Opinion Of Developer's Counsel.

_____, 2008

City of Chicago
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Corporation Counsel

Re: Redevelopment Agreement between Senior Suites Chicago Kelvyn Park, L.L.C. and
the City of Chicago

Re: 2701 -- 2733 North Cicero Avenue, Chicago, Illinois

Ladies and Gentlemen:

We have acted as special counsel to Senior Suites Chicago Kelvyn Park, L.L.C., an Illinois limited liability company (the "Developer"), in connection with the construction of certain facilities located at 2701 -- 2733 North Cicero Avenue, Chicago, Illinois (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) Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer and the City of Chicago (the "City"); and

(b) any other agreements, instruments and documents referred to in the Agreement and executed by Developer on the date hereof in connection therewith.

In addition to the foregoing, we have examined:

(c) the original or certified, conformed or photostatic copies of the Developer's (i) Articles of Organization, as amended to date, (ii) certificate of good standing in the State of Illinois, (iii) Operating Agreement, as amended to date, and (iv) resolutions of the Developer relating to the Project; and

(d) the original or certified, conformed or photostatic copies of the (i) Articles of Incorporation, as amended to date, (ii) certificate of good standing in the State of Illinois, (iii) Bylaws, as amended to date, and (iv) resolutions of the Developer's managing member, Senior Suites Chicago Corporation, an Illinois corporation, ("Senior Suites Corporation") relating to the Project; and

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

For the purposes of this opinion, we have assumed that:

(f) The execution and delivery of all Documents and other documents reviewed by us, and the entry into and performance of the transactions contemplated by the Documents, by all parties other than Developer and Senior Suites Corporation have been duly authorized by all necessary actions; the Documents constitute the valid and binding obligations of all parties other than Developer and Senior Suites Corporation.

(g) All natural persons who are signatories to the Documents were legally competent at the time of execution; all signatures on the Documents and other documents reviewed by us (on behalf of parties other than Developer and Senior Suites Corporation) are genuine; the copies of all documents submitted to us are accurate and complete and conform to originals; all material terms and conditions of the relationship between Developer, Senior Suites Corporation and the City are correctly and completely reflected in the Documents.

Based upon the foregoing, but subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Developer is an Illinois limited liability company duly organized validly existing and in good standing under the laws of the State of Illinois and has full power and authority to own and lease its properties and to carry on its business in the State of Illinois as presently conducted.

2. Senior Suites Corporation is an Illinois corporation duly organized, validly existing and in good standing under the laws of the State of Illinois and has full power and authority to own and lease its properties and to carry on its business in the State of Illinois as presently conducted.

3. The Developer has full right, power and authority as an Illinois limited liability company 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 Developers Articles of Organization or Operating Agreement or to our knowledge 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 of the State of Illinois or the United States or 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 property is bound. To our knowledge, 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 is 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 liens or security interests in favor of the lender providing Lender Financing (as defined in the Agreement) or as otherwise expressly permitted by the Agreement.

4. Senior Suites Corporation has full corporate right, power and authority as an Illinois corporation 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, Senior Suites Corporation's Articles of Incorporation or Bylaws or to our knowledge 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 of the State of Illinois or the United States or the terms, conditions or provisions of any agreement, instrument or document to which Senior Suites Corporation is a party or by which Senior Suites Corporation or its property is bound. To our knowledge, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which Senior Suites Corporation is a party or by which it or any of its property is 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 liens or security interests in favor of the lender providing Lender Financing (as defined in the Agreement) or as otherwise expressly permitted by the Agreement.

5. 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 and Senior Suites Corporation.

6. Each of the Documents to which the Developer and Senior Suites Corporation is a party has been duly executed and delivered by a duly authorized managing member or officer of the Developer or Senior Suites Corporation, and each such Document constitutes the legal, valid and binding obligation of the Developer or Senior Suites Corporation, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

7. To our knowledge, no judgments are outstanding against the Developer or Senior Suites Corporation, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or Senior Suites Corporation or affecting the Developer or Senior Suites Corporation or their respective property, or seeking to restrain or enjoin the performance by the Developer or Senior Suites Corporation of the Agreement or the transactions contemplated by the Agreement, or contesting the validity

thereof. To our knowledge, neither the Developer or Senior Suites Corporation is 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 Senior Suites Corporation or their respective business.

8. To our knowledge, there is no default by the Developer or Senior Suites Corporation or any other party under any material contract, lease, agreement, instrument or commitment to which the Developer or Senior Suites Corporation is a party or by which the Developer or Senior Suites Corporation or their respective properties are bound.

9. To our knowledge, except as disclosed by (I) Uniform Commercial Code searches and (ii) that certain Owner's Title Insurance Policy issued by _____ dated _____ (Number _____) delivered to you in connection with the Agreement, all of the assets of the Developer and Senior Suites Corporation are free and clear of mortgages, liens, pledges, security interests and encumbrances that are specifically prohibited by the Documents.

10. Except as specifically set forth in the Documents, the execution, delivery and performance of the Documents by the Developer or Senior Suites Corporation (as applicable) 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.

11. To our knowledge, each of the Developer and Senior Suites Corporation owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations that are necessary for the operation of their respective business.

12. Under choice of law principles applicable under Illinois law, the provisions of the Documents stating that Illinois law shall govern the enforcement of the Documents are enforceable, so long as the court finds that (i) Illinois bears a reasonable relationship to the transaction contemplated by the Documents and (ii) the enforcement of the Documents in accordance with Illinois law is not dangerous, inconvenient, immoral or contrary to public policy.

Our opinions are qualified as follows:

A. Wherever we indicate that our opinion with respect to the existence or absence of facts is based on our knowledge, our opinion is based solely on (I) the current actual knowledge of the attorneys currently with the firm who have represented the Developer or Senior Suites Corporation in connection with the transactions contemplated by the Documents and of any other attorneys presently in our firm whom we have determined are likely, in the course of representing any of said parties, to have knowledge of the matters covered by

this opinion, (ii) the representations and warranties of said parties contained in the Documents, and (iii) the attached Officer's Certificate; we have made no independent investigation as to such factual matters. However, we know of no facts which lead us to believe such factual matters are untrue or inaccurate.

B. Our opinion in Paragraph 4, above, is subject to the following:

(i) The City's ability to enforce the Documents may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally;

(ii) Enforcement of the City's rights and remedies may be limited by general principles of equity, regardless of whether such enforcement is considered in a proceeding in equity or at law, and in this regard we have assumed that you will exercise your rights and remedies under the Documents in good faith and in circumstances and a manner in which are commercially reasonable;

(iii) Certain provisions of the Documents may be rendered unenforceable or limited by applicable laws and judicial decisions but such laws and judicial decisions do not render the Documents invalid as a whole, and there exist in the Documents or pursuant to applicable law legally adequate remedies for the realization of the principal benefits and security intended to be provided by the Documents.

C. If, and to the extent, any of the Documents are construed to provide for the payment of interest on interest, such provisions may be unenforceable under *Bowman V. Neely*, 137 Ill. 443 (1891) and other cases to the same effect. While such cases have not been overruled and it is possible that a court would follow such precedent, we believe that such cases are unlikely to be held applicable today in commercial real estate transactions, but render no opinion with respect to such issue.

Our opinion is limited to the laws of the United States (except as set forth below) and the laws of the State of Illinois and political subdivisions thereof in effect on the date hereof as they presently apply. We shall have no continuing obligations to inform you of changes in law or fact subsequent to the date hereof or of facts of which we become aware after the date hereof.

Except as set forth in paragraph 7, above, we express no opinion as to matters of title or priority or perfection of liens or security interests with regard to real and personal property.

We have not reviewed and do not opine as to: (i) compliance by the Project with applicable zoning, health, safety, building, environmental, land-use or subdivision laws, ordinances, codes, rules or regulations, (ii) ERISA laws, rules and regulations, or (iii) Federal or state taxation, banking, securities or "blue sky" laws, rules or regulations.

This opinion is limited to the matters set forth herein. No opinion may be inferred or implied beyond the matters expressly contained herein. This opinion is rendered solely for your benefit and no other person or entity shall be entitled to rely on any matter set forth herein without the express written consent of the undersigned.

Very truly yours,

Shesky & Froelich Ltd.

By: _____

Officer's Certificate referred to in this Opinion of Developer's Counsel reads as follows:

Officer's Certificate.
(To Opinion Of Developer's Counsel)

The undersigned, _____, the _____ of Senior Suites Chicago Corporation, an Illinois corporation ("Senior Suites Corporation"), the managing member of Senior Suites Chicago Kelvyn Park, L.L.C., an Illinois limited liability company ("Developer"), hereby certifies as follows:

1. This certificate is made in reference to that Redevelopment Agreement between the City of Chicago (the "City") and Developer with respect to certain property in the City of Chicago, State of Illinois, together with the improvements thereon having a principal address of 2701 -- 2733 North Cicero Avenue, Chicago, Illinois (the "Project").
2. The undersigned is familiar with the following documents dated _____, 2008 (collectively, the "Documents"): the Redevelopment Agreement between the Developer and the City and the documents executed by Developer and/or Senior Suites Corporation in connection therewith.
3. In the course of my duties with Senior Suites Corporation and the Developer, I am in a position to be familiar with, or I have made inquiry of those personnel of Senior Suites Corporation and the Developer and outside legal counsel who are in a position to be familiar with, the following: (a) any judgments, orders, writs, injunctions, decrees; or rules of any court, administrative agency or other governmental authority, and any determination or award of any arbitrator affecting Senior Suites Corporation or the Developer and their respective execution and

delivery of the Documents (the "Court Orders"), (b) any agreement, commitment, lease, or other instrument ("Agreements") to which Developer or Senior Suites Corporation, as the case may be, is a party, or by which their respective properties or assets are bound, and affecting the execution and delivery of the Documents by the Developer or Senior Suites Corporation, (c) any agreement or other instrument (the "Encumbrance Agreements") which could cause the creation of any lien, charge or encumbrance prohibited by the Documents on any property or assets of Developer or Senior Suites Corporation as a result of the execution and delivery of the Documents by the Developer or Senior Suites Corporation, and (d) any legal or administrative proceedings or contested claims pending or to my knowledge threatened before any court, governmental agency, regulatory authority or instrumentality against Developer or Senior Suites Corporation affecting the Project (the "Litigation").

- 4. The signatures on the Documents on behalf of the Developer and Senior Suites Corporation are genuine.
- 5. Except for the following, to my knowledge after diligent inquiry there are no Court Orders (if none, so state):

_____ None _____

- 6. Except for the following, there are no Agreements (if none, so state):

_____ None _____

- 7. Except for the following, to my knowledge after diligent inquiry there are no Encumbrance Agreements other than the Documents (if none, so state):

_____ None _____

- 8. Except for the following, to my knowledge after diligent inquiry there is no Litigation (if none, so state):

None

- 9. The execution, delivery and performance of the Documents will not conflict with, 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. There exist no Agreements, indentures, undertakings, instruments or documents to which the Developer or Senior Suites Corporation is a party or by which the Developer or Senior Suites Corporation or their respective properties are bound, that will conflict with, or the existence of which will result in a breach of or violation of, the Documents. Such execution, delivery and performance will not 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 their respective property other than liens or security interests in favor of the lender providing Lender Financing (as defined in the Documents) or as otherwise expressly permitted by the Documents.
- 10. There are no judgments outstanding against Senior Suites Corporation or the Developer, nor is there now pending or to my knowledge threatened, any litigation, contested claim or governmental proceeding by or against Senior Suites Corporation or the Developer or affecting Senior Suites Corporation or the Developer or their respective property, or seeking to restrain or enjoin the performance by Senior Suites Corporation or the Developer of the Documents or the transactions contemplated by the Documents, or contesting the validity thereof. Neither Senior Suites Corporation nor the Developer has received notice of or is aware of the existence of any facts which, with the giving of notice or the passage of time would constitute a default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or a 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 Senior Suites Corporation or the Developer or their respective business.
- 11. There is no default by Senior Suites Corporation or the Developer or any other party under any material contract, lease, agreement, instrument or commitment to which Senior Suites Corporation or the Developer is a party or by which the Senior Suites Corporation or Developer or their respective properties are bound.
- 12. All of the assets of the Senior Suites Corporation and Developer are free and clear of mortgages, liens, pledges, security interests and encumbrances that are specifically prohibited by the Documents.

13. Except as specifically set forth in the Documents, the execution, delivery and performance of the Documents by Senior Suites Corporation and the Developer (as applicable) 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.
14. Each of Senior Suites Corporation and the Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations that are necessary for the operation of its business.
15. Attached hereto as (Sub)Exhibit Number 1 and made a part hereof is an accurate and complete copy of (i) the Developer's operating agreement and all attachments thereto (the "Developer's Operating Agreement"); (ii) the Developer's Articles of Organization ("Articles"); (iii) Senior Suites Corporation's Articles of Incorporation; and (iv) Senior Suites Corporation's Bylaws. Each of the Developers Operating Agreement, Senior Suite's Corporation's Bylaws, Developer's Articles and Senior Suites Corporation's Articles of Incorporation are in full force and effect and have not been amended in anyway. There are no other filings, agreements or actions governing the existence, organization or operation of either Senior Suites Corporation or the Developer.
16. No circumstances have occurred or exist which have triggered or will trigger a dissolution of either Senior Suites Corporation or the Developer under Senior Suites Corporation's Bylaws and Articles of Incorporation or the Developers Operating Agreement and Articles, and Senior Suites Corporation continues to exist as a corporation as of the date hereof and the Developer continues to exist as a limited liability company as of the date hereof.
17. All of the member interests of the Developer and all of the stock of Senior Suites Corporation are owned by the parties listed on (Sub)Exhibit Number 1 hereto.

The Certificate may be relied upon by Shefsky & Froelich Ltd. in its opinion (the "Opinion") addressed to the City in connection with the Documents and may be delivered to, and relied upon by, the City in connection with the Opinion. The undersigned consents to the issuance of the Opinion and acknowledges that it has reviewed the form thereof.

In Witness Whereof, The undersigned has executed this Certificate as of the _____ day of _____, 2008.

Senior Suites Chicago Kelvyn Park, L.L.C.,
an Illinois limited liability company

By: Senior Suites Chicago Corporation, an
Illinois corporation

By: _____

Name: _____

Its: _____

[(Sub)Exhibit Number 1 referred to in this Officer's Certificate
unavailable at time of printing.]

(Sub)Exhibit "L".
(To Senior Suites Chicago Kelvyn Park, L.L.C.
Redevelopment Agreement).

Requisition Form.

State of Illinois)
) SS.
County of Cook)

The affiant, _____, _____ of Senior Suites Chicago Kelvyn Park, L.L.C.,
an Illinois limited liability company (the "Developer"), hereby certifies that with respect to that
certain Senior Suites Chicago Kelvyn Park, L.L.C. Redevelopment Agreement between the
Developer and the City of Chicago dated _____, 200__ (the "Agreement"):

A. Expenditures for the Project, in the total amount of \$ _____, have been made.

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

\$ _____.

C. The Developer requests reimbursement for the following cost of T.I.F.-Funded
Improvements:

\$ _____.

D. None of the costs referenced in paragraph C above have been previously reimbursed by the City.

E. 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 Agreement are true and correct and the Developer is in compliance with all applicable covenants contained herein.

2. 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 have the meanings given such terms in the Agreement.

Senior Suites Chicago Kelvyn Park, L.L.C.

By: _____

Name: _____

Title: _____

Subscribed and sworn before me this _____ day of _____, _____.

My commission expires: _____.

Agreed and Accepted:

Name: _____

Title: _____

City of Chicago
Department of Planning and Development

(Sub)Exhibit "M":
 (To Senior Suites Chicago Kelvyn Park, L.L.C.
 Redevelopment Agreement)

Form Of Note.

Registered
 Number R-1

Maximum Amount
 \$2,000,000

United States Of America

State Of Illinois

County Of Cook

City Of Chicago

Tax Increment Allocation Revenue Note (Belmont/Cicero
 Redevelopment Project), Taxable Series 20__ A.

Registered Owner: Senior Suites Chicago Kelvyn Park, L.L.C., an Illinois limited liability company

Interest Rate: Zero percent (0%) per annum upon issuance; adjusted as of the date of issuance of a Certificate (as defined in the hereinafter defined Redevelopment Agreement) to a rate not to exceed seven percent (7%) per annum

Maturity Date: December 31, 2024

Know All Persons By These Presents, That the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of Two Million Dollars (\$2,000,000) and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date set forth in the Redevelopment Agreement. Interest shall be computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months. Accrued but unpaid interest on this Note shall also accrue at the interest rate per year until paid.

Principal of and interest on this Note from the Available Incremental Taxes (as defined in the hereinafter defined Redevelopment Agreement) is due February 1 of each year commencing in the first year following issuance of the Certificate (as defined in the hereinafter defined Redevelopment Agreement) until the earlier of Maturity or until this Note is paid in full. Payments shall first be applied to interest. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the fifteenth (15th) day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City. The Registered Owner of this Note shall note on the Payment Record attached hereto the amount and the date of any payment of the principal of this Note promptly upon receipt of such payment.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to Two Million Dollars (\$2,000,000) for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer (the "Project"), in connection with the development a six (6) story rental elevator building on, which will include a congregate rental community for seniors (age sixty-two (62) or older), with eighty-five (85) rental units, which will offer approximately six thousand (6,000) square feet of community space and no fewer than forty-two (42) parking spaces free of charge on a first-come first-served basis (the "Facility"), which will be rented to seniors (age sixty-two (62) or older) in the Belmont/Cicero Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1, et seq.) (the "T.I.F. Act"), the Local Government Debt Reform Act (30 ILCS 350/1, et seq.), and an Ordinance adopted by the City Council of the City on _____, 2008 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the T.I.F. Act and the Ordinance, in order to pay the principal and interest of this Note. Reference is hereby made to the aforesaid Ordinance and the Redevelopment Agreement for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to this Note and the terms and conditions under which this Note is issued and secured. This Note Is A Special Limited Obligation Of The City, And Is Payable Solely From Available Incremental Taxes, And Shall Be A Valid Claim Of The Registered Owner Hereof Only Against Said Sources. This Note Shall Not Be Deemed To Constitute An Indebtedness Or A Loan Against The General Taxing Powers Or Credit Of The City, Within The Meaning Of Any Constitutional Or Statutory Provision. The Registered Owner Of This Note Shall Not Have The Right To Compel Any Exercise Of The Taxing Power Of The

City, The State Of Illinois Or Any Political Subdivision Thereof To Pay The Principal Or Interest Of This Note. The Payment Of Principal And Interest On This Note Is Subject And Subordinate To The Payment Of The Modern Schools Across Chicago Bonds (As Defined In The Redevelopment Agreement). The principal of this Note is subject to redemption on any date, as a whole or in part, at a redemption price of one hundred percent (100%) of the principal amount thereof being redeemed. There shall be no prepayment penalty. Notice of any such redemption shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

This Note is issued in fully registered form in the denomination of its outstanding principal amount. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations. This Note is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the fifteenth (15th) day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

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

Pursuant to the Redevelopment Agreement dated as of _____, 200__ between the City and the Registered Owner (the "Redevelopment Agreement"), the Registered Owner has agreed to acquire and construct the Project and to advance funds for the construction of certain facilities related to the Project on behalf of the City. The cost of such acquisition and construction in an amount not to exceed Two Million Dollars (\$2,000,000) shall be deemed to be a disbursement of the proceeds of this Note.

Pursuant to Section 15.01 and Section 15-02 of the Redevelopment Agreement, the City has reserved the right to suspend and/or terminate payments of principal and of interest on this Note upon the occurrence of certain conditions, and the City has reserved the right to offset liquidated damage amounts owed to the City against the principal amount outstanding under this Note. The City shall not be obligated to make payments under this Note if an Event of Default (as defined in the Redevelopment Agreement), or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. Such rights shall survive any transfer of this Note. The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

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

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

In Witness Whereof, The City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of _____.

Mayor

[Seal]

Attest:

City Clerk

Certificate
Of
Authentication

Registrar and Paying Agent:

Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the Tax Increment Allocation Revenue Note (Belmont/Cicero Redevelopment Project), Taxable Series 20__A, of the City of Chicago, Cook County, Illinois.

Comptroller

Date: _____

Principal Payment Record.

Date Of Payment	Principal Payment	Principal Balance Due
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(Assignment)

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

Dated: _____
Registered Owner

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

Signature Guaranteed: _____

Notice: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company.

Consented to by:

City of Chicago,
Department of Planning and Development

By: _____

Its: _____

Certification Of Expenditure.

_____, 200__

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City") Two Million Dollar (\$2,000,000) Tax Increment Allocation Revenue Note (Belmont/Cicero Redevelopment Project, Taxable Series 20__A) (the "Redevelopment Note")

This Certification is submitted to you, Registered Owner of the Redevelopment Note, pursuant to the Ordinance of the City authorizing the execution of the Redevelopment Note adopted by the City Council of the City on _____, 2008 (the "Ordinance"). All terms used herein shall have the same meaning as when used in the Ordinance.

The City hereby certifies that Two Million Dollars (\$2,000,000) is advanced as principal under the Redevelopment Note as of the date hereof. Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance and has not been the basis of any previous principal advance. As of the date hereof, the outstanding principal balance under the Redevelopment Note is Two Million Dollars (\$2,000,000), including the amount of this Certificate and less payment made on the Note.

In Witness Whereof, The City has caused this Certification to be signed on its behalf as of

_____.

City of Chicago

By: _____

Commissioner,
Department of Planning
and Development

Authenticated By:

Registrar

AUTHORIZATION FOR CORPORATION COUNSEL TO ENTER INTO
AND EXECUTE SETTLEMENT AGREEMENT REGARDING
CASE OF *BARBARA AND EUGENE JENSEN V.*
CITY OF CHICAGO.

The Committee on Finance submitted the following report:

CHICAGO, May 14, 2008.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an order authorizing the Corporation Counsel to enter into and execute a settlement order for the following case: *Barbara and Eugene Jensen v. City of Chicago*, cited as 05 L 1968 in the amount of \$125,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed order transmitted herewith.

This recommendation was concurred in by a *viva voce* vote of the members of the Committee.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed order transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Flores, Fioretti, Dowell, Preckwinkle, Hairston, Lyle, Harris, Beale, Pope, Balcer, Cárdenas, Olivo, Burke, Foulkes, Thompson, Thomas, Lane, Rugai, Cochran, Brookins, Muñoz, Zalewski, Dixon, Solis, Ocasio, Burnett, E. Smith, Carothers, Reboyras, Suarez, Waguespack, Mell, Austin, Colón, Banks, Mitts, Allen, Laurino, O'Connor, Doherty, Reilly, Daley, Tunney, Levar, Shiller, Schulter, Moore, Stone -- 48.

Nays -- None.

Alderman Carothers moved to reconsider the foregoing vote. The motion was lost.