

Contract Summary Sheet

Contract (PO) Number: 4138

Specification Number: 18775

Name of Contractor: 330 SOUTH MICHIGAN AVE L.L.C.

City Department: PLANNING & DEVELOPMENT

Title of Contract: Redevelopment Agreement 332 S. Michigan Ave.

Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):

\$2,030,000.00

PO Start Date: 8/11/00

PO End Date: 6/20/07

Brief Description of Work: Redevelopment Agreement 332 S Michigan Ave.

Procurement Services Contact Person: BARBARA SUTTON

Vendor Number: 1068092

Submission Date:

MAY 13 2004

**AN ORDINANCE OF THE CITY OF CHICAGO, ILLINOIS
DESIGNATING
330 SOUTH MICHIGAN, L.L.C. AS DEVELOPER
AND
AUTHORIZING A REDEVELOPMENT AGREEMENT
ORDINANCE**

WHEREAS, pursuant to an ordinance adopted by the City Council ("City Council") of the City of Chicago (the "City") on February 7, 1997 and published at pages 38260-38400 and 38401-38402 of the Journal of the Proceedings of the City Council (the "Journal") of such date, a certain redevelopment plan and project (the "Plan") for the Central Loop 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 February 7, 1997 and published at pages 38400, 38403-38412 and 38413-38414 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 "TIF Ordinance") adopted by the City Council on February 7, 1997 and published at pages 38412, 38415-38423 and 38424-38425 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, 330 South Michigan, L.L.C., an Illinois limited liability company, (the "Company"), has acquired a twenty-story building (the "Building") located within the Area at 332 South Michigan Avenue and shall complete renovation and rehabilitation of the Building, including renovation and rehabilitation of the lower fourteen floors (the "Office Portion") of the Building (the "Total Project"), with improvements in the Office Portion of the Building specifically related to upgrade of life/safety systems (the "Project") to be made in accordance with certain life/safety requirements of the City's Fire Department and Department of Buildings; and

WHEREAS, the Company has proposed to undertake the redevelopment of the Building in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Company and the City, including but not limited to the renovation and rehabilitation of the Building and retention and creation of jobs, to be financed in part by a portion of the proceeds of the Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997 (specifically the taxable series thereof), or incremental taxes deposited in the 1997 Central Loop Redevelopment Project Area Special Tax Allocation Fund (as defined in the TIF Ordinance) pursuant to Section 5/11-74.4-8(b) of the Act; and

WHEREAS, pursuant to Resolution 98-CDC-156 adopted by the Community Development Commission of the City of Chicago (the "Commission") on November 10, 1998, the Commission authorized the City's Department of Planning and Development ("DPD") to publish notice pursuant to Section 5/11-74 4(c) of the Act of its intention to negotiate a redevelopment agreement with the Company for the Total Project and the Project and to request alternative proposals for redevelopment of the Building or a portion thereof; and

WHEREAS, DPD published the notice, requested alternative proposals for the redevelopment of the Building and provided reasonable opportunity for other persons to submit alternative bids or proposals; and

WHEREAS, since no other responsive proposals were received by DPD for the redevelopment of the Building within 14 days after such publication, pursuant to Resolution 98-CDC-156, the Commission has recommended that the Company be designated as the developer for the Total Project and the Project and that DPD be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Company for the Total Project and the Project; now therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are incorporated herein and made a part hereof.

SECTION 2 The Company is hereby designated as the developer for the Total Project and the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 3 The Commissioner of DPD (the "Commissioner") or a designee of the 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 Company and the City substantially in the form attached hereto as Exhibit A 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 4. 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 5. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 6. This ordinance shall be in full force and effect immediately upon its passage.

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1.1.2007

CENTRAL LOOP REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO

AND

330 SOUTH MICHIGAN AVENUE, L.L.C.,

332 SOUTH MICHIGAN AVENUE OFFICE, L.L.C.

330 SOUTH MICHIGAN AVENUE RESIDENTIAL L.L.C., and

332 MANAGEMENT COMPANY, L.L.C.,

This agreement was prepared by
and after recording return to.
Iris E. Webb, Esq
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

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Exhibit J	Opinion of Developer's Counsel
Exhibit K	Requisition Form
Exhibit L	*Prohibited Uses

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

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This agreement was prepared by and after recording return to:
Iris E Webb, Esq
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago IL 60602

**CENTRAL LOOP REDEVELOPMENT AGREEMENT
330 SOUTH MICHIGAN AVENUE L.L.C.**

This Central Loop Redevelopment Agreement (this "Agreement") is made as of this 11th day of August, 2000, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and 330 South Michigan Avenue, L.L.C., an Illinois limited liability company (the "Developer", 332 South Michigan Avenue Office, L.L.C., a Delaware limited liability company ("SAE#1"), 330 South Michigan Avenue Residential, L.L.C., a Delaware limited liability company, ("SAE #2") and 332 Management Company, L.L.C., a Delaware limited liability company ("Management L.L.C.")

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 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 the following ordinances: On June 20, 1984: (1) An Ordinance approving a certain redevelopment plan and project (the "North Loop Plan") for the North Loop Tax Increment Redevelopment Project Area (the "North Loop Area"); (2) An Ordinance designating the North Loop Area as a redevelopment project area; and (3) An Ordinance adopting tax increment allocation financing as a means for financing certain North Loop Area redevelopment project costs (the "Original TIF Adoption Ordinance") (collectively referred to herein as the "Original TIF Ordinances"). On February 7, 1997, the North Loop Area was expanded by adoption of the following ordinances: (4) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Central Loop Redevelopment Project Area"; (5) "An Ordinance of the City of Chicago, Illinois Designating the Central Loop Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (6) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Central Loop Redevelopment Project Area" (the "TIF Adoption Ordinance"), (all ordinances listed in clauses (1) - (6) above are collectively referred to herein as the "TIF Ordinances"). 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 332 South Michigan Avenue, Chicago, Illinois 60604-4210, 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 rehabilitation and renovation of the building located thereon (the "Facility"). The Acquisition and the rehabilitation and renovation of the lower 14 floors of the Facility (including but not limited to those improvements which are part of the Project as defined below and set forth on Exhibit C) are collectively referred to herein as the "the Total Project." The improvements specifically related to the upgrade of the life/safety systems in the lower fourteen (14) floors of the Facility are referred to herein as the "Project". The Project shall be completed in two phases. The first phase ("Phase One") shall consist of the construction and installation of immediate life safety improvements") in accordance with the United States Fire Protection plans and specifications ("the Approved Initial Space

Sprinkler Plans"), which have been reviewed and approved by the City, in and for the initial space of the Facility identified in the Approved Initial Space Sprinkler Plans ("Initial Space") and will conclude upon the City's issuance of a Certificate of Occupancy for all of the Initial Space (the date of such issuance referred to as the "Certificate of Occupancy Date"). The second phase ("Phase Two") of the Project shall consist of the construction and installation of the remaining life/safety improvements within and for the remaining space of the Facility identified in the Remaining Space Sprinkler Plans ("Remaining Space") in accordance with the plans and specifications in the Remaining Space Sprinkler Plans to be prepared for review and approval by the City (the "Remaining Space Sprinkler Plans"). The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Total Project will be carried out in accordance with this Agreement and the City of Chicago Central Loop Tax Increment Financing Redevelopment Project and Plan the "Redevelopment Plan") attached hereto as Exhibit D, as amended from time to time.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, (i) a portion of the proceeds ("Bond Proceeds") of its Tax Increment Allocation Bonds (Central Loop Redevelopment Project) Series 1997 (the "Bonds") issued pursuant to an ordinance adopted by the City Council on July 30, 1997 (specifically the taxable series thereof) (the "Bond Ordinance") or (ii) Incremental Taxes (as defined below), to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

G. Developer Party: Developer is the 100% owner of Management L.L.C. and SAE #2, and Management L.L.C. is the 100% owner of SAE#1.

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

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

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

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

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

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

"Completion Date" shall mean the date that the City issues the Certificate hereunder, or the date that the City has issued Component Completion Certificates for both phases of the Project.

"Component Completion Certificate" shall mean the certificate that the City may issue with respect to Phase One or Phase Two of the Project.

"Construction Contract" shall mean that certain contract, or contracts, 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 Total Project.

"Developer Party" means Developer, SAE #1, SAE #2, and Management L.L.C., individually and collectively.

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

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

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to

public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago.

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

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

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

"General Contractor" shall mean Linn - Mathes or any other general contractor(s) hired by the Developer pursuant to Section 6.01. The Developer may act as a General Contractor for all or a portion of the Project.

"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 1997 Central Loop Project Redevelopment Project Special Tax

Allocation Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

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

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

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

"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.

"Office Parcel" shall have the meaning given to such term in Section 5.16.

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

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

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

"Plans and Specifications" shall mean the Approved Initial Space Sprinkler Plans and the Remaining Space Sprinkler Plans.

"Plat of Subdivision" means that certain plat of subdivision, if any, prepared in accordance with the Plat Act, 765 ILCS 205/I, and recorded in the Recorder's Office of Cook County on January 7, 2000 as document no. 00021051.

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

"Project Budget" shall mean the budget attached hereto as Exhibit H-1, showing the total cost of the Total Project by line

item, including the costs of the Project, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

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

"Residential Parcel" shall have the meaning given to such term in Section 5.16.

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

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

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the later of: (a) the date on which the Redevelopment Area is no longer in effect; or (b) June 19, 2007; provided, that with respect to the obligation of the Developer set forth in Section 3.01 hereof, the Term of the Agreement shall be extended to the date when all such obligations have been met.

"The 1997 Central Loop Project Redevelopment Project Area Special Tax Allocation Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"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.

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

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the SAE#1 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 Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the lower 14 floors of the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence Phase One of the Project prior to or on the Closing Date; and (ii) with respect to Phase Two of the Project, commence and complete the improvements according to the following schedule: the Developer shall use reasonable efforts to install sprinkler systems and other life/safety improvements in portions of the Remaining Space, as and when such portions become vacant or while such portions are occupied, if feasible, substantially in accordance with the Remaining Space Sprinkler Plans and, in any event, in accordance with the time period in clauses (B)-(D) below; (B) within four years after the Certificate of Occupancy Date, the Developer shall have installed sprinkler systems and other life/safety improvements in not less than fifteen percent of the Remaining Space, but in no event less than 40,000 square feet of the Remaining Space, in accordance with the Remaining Space Sprinkler Plans; (C) within seven years after the Certificate of Occupancy Date, the Developer shall have installed sprinkler systems and other life/safety improvements in not less than fifty-seven percent of the Remaining Space, but in no event less than 155,000 square feet of the Remaining Space, in accordance with the Remaining Space Sprinkler Plans; and (D) within ten years after the Certificate of Occupancy Date, the Developer shall have installed sprinkler systems and other life/safety improvements in all the Remaining Space in accordance in the Remaining Space Sprinkler Plans.

3.02 Plans and Specifications. The Developer has delivered the Plans and Specifications for Phase One of the Project to DPD

and DPD has approved same. The Developer shall deliver Plans and Specifications for Phase Two of the Project no later than 60 days after the Closing Date for DPD's approval and such Plans and Specifications for Phase Two must be approved by DPD prior to the commencement of Phase Two. The Plans and Specifications must be consistent with the Remaining Space Sprinkler Plans. After such initial approval, subsequent proposed changes to the Plans and Specifications shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof. The Plans and Specifications shall at all times conform to the Redevelopment Plan as amended from time to time and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Total Project in an amount not less than Twenty Three Million Three Hundred Thirty Eight Thousand and Thirty Dollars (\$23,338,030). The Developer hereby certifies to the City that (a) the City Funds, together with Lender Financing and Equity described in Section 4.01 hereof, shall be sufficient to complete the Total Project; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD 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 DPD for DPD's prior written approval: (a) a change in the use of the Facility to a use other than an office and residential building with first floor retail/commercial tenants and parking for residents; (b) a delay in the completion of the Project; or (c) an increase in the budget for the Project in an amount over Twenty-Five Thousand Dollars (\$25,000) each increase, or an aggregate of One Hundred Thousand Dollars (\$100,000). 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 DPD's written approval (to the extent required in this Section). The Construction Contract, and each contract between the General Contractor and any subcontractor for the Project, shall contain a

provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of Incremental Taxes or the Bond Proceeds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders relating to the Project costing less than Twenty-Five Thousand Dollars (\$25,000.00) each, to an aggregate amount of One Hundred Thousand Dollars (\$100,000.00), do not require DPD's prior written approval as set forth in this Section 3.04, but DPD shall be notified in writing of all such Change Orders prior to the implementation thereof and the Developer, in connection with such notice, shall identify to DPD the source of funding therefor. The Developer shall provide notice of Change Orders relating to the Project for less than \$25,000 or \$100,000 in the aggregate when delivering progress reports required under Section 3.07.

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

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

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written progress reports, monthly during Phase One and quarterly progress reports during Phase Two, detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04) and a summary of any changes to the schedule or budget for the Total Project. The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the exterior of the Facility located on the Property.

3.08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DPD shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project hereunder.

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

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

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

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

SECTION 4. FINANCING

4.01 Project Cost and Sources of Funds. The cost of the Project is estimated to be \$2,030,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from Equity (subject to Sections 4.03(b) and 4.06), Lender Financing and City Funds (subject to Section 4.03). Phase One costs will be paid from Equity or Lender Financing and then reimbursed from City Funds

and certain of these Phase One costs will be reimbursed from City Funds on the Closing Date. Phase Two costs will be paid directly by the City from City Funds or paid by the Developer and reimbursed from City Funds. Phase One costs are estimated to be \$1,130,000, and Phase Two costs are estimated to be \$900,000.

4.02 Developer Funds. Except as provided in Section 4.01, Equity and/or Lender Financing shall be used to pay all Total Project costs, including but not limited to Redevelopment Project Costs and costs of TIF-Funded Improvements.

4.03 City Funds.

(a) Uses of City Funds. City Funds may be used to pay directly or reimburse the Developer only for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for Phase One and Phase Two of 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 Section 4.05(b)), contingent upon receipt by the City of the documentation set forth in this Agreement satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. City Funds will be used to reimburse the Developer, within 45 days of the Closing Date, \$1,130,000 for costs of TIF-Funded Improvements incurred by Developer with respect to Phase One and \$48,924 (\$57,588 less retainage as provided in Section 4.03(c)), for a portion of the costs of TIF-Funded Improvements incurred by Developer with respect to Phase Two as of such date.

(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 reserve City funds from Bond Proceeds or Incremental Taxes in an amount not to exceed \$2,030,000 (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements.

(c) Retainage. Retainage equal to 15% of the total amount of City Funds to be disbursed at that time will be withheld for each disbursement relating to Phase Two. The retainage for any disbursement will be released at the time that the Component Completion Certificate is issued by DPD upon evidence supplied by the Developer, which is satisfactory to DPD, that Developer has satisfied its MBE/WBE commitments described in Section 10.03 hereof. Additionally, Developer will need to evidence to DPD Developer's compliance with these MBE/WBE goals when 25% of the

total direct costs of construction (based on the Project Budget) are reached before DPD will continue to disburse City Funds.

4.04 Requisition Form. On the Closing Date and at any time a disbursement is requested by Developer, but no more frequently than monthly, and no later than the earlier of (i) the expiration of 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. The Developer shall meet with DPD at the request of 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 except those set forth in Exhibit I. Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date hereof as ("Approved 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 3.03 hereof. 1,00

(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 \$25,000 or \$100,000 in the aggregate, may be made without the prior written consent of DPD.

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

SECTION 5. CONDITIONS PRECEDENT

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

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

5.02 Plans and Specifications. The Developer shall have submitted to DPD, and DPD shall have approved, the Plans and Specifications for Phase One and, if available, for Phase Two in accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. Not less than five (5) days prior to the Closing Date, the Developer shall have secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation, for Phase One and, if available, for Phase Two and shall submit evidence thereof to DPD.

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 3.03 hereof to complete the Total Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer shall have furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with the Equity set forth in Section 3.03) to complete the Project. Prior to the Closing Date, the Developer shall deliver to DPD a copy of the construction escrow agreement, if any, entered into by the Developer regarding the Lender Financing. Any liens against the Property in existence at the Closing Date shall be subordinated to encumbrances of the City, set forth in Section 7.02 as those that run with the land, 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 shall furnish the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the SAE#1 as the named insured. The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit G hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain such endorsements as shall be required by Corporation Counsel, including but not

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

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

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

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

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

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

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

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

5.11 Financial Statements. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided Financial Statements to DPD for its three most recent fiscal years, and interim Financial Statements.

5.12 Documentation. The Developer shall have provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters evidencing compliance as of the Closing Date with Section 8.09 (Prevailing Wage), Section 10.02 (City Resident Construction Worker Employment Requirement) and Section 10.03 (The Developer's MBE/WBE Commitment) and stating the Developer's program for compliance with such Sections for the remainder of the Total Project.

5.13 Environmental. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided DPD with copies of that certain phase I environmental audit completed with respect to the Property. Prior to the Closing Date, the Developer shall provide the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Organizational Documents. Developer and each Developer Party shall provide a copy of its Articles of Organization containing the original certification of the Secretary of State of Illinois or the Secretary of State of Delaware, as applicable; its Operating Agreement; certificates of good standing from the Secretary of State of Illinois or the Secretary of State of Delaware, as applicable, and all other states in which the Developer or the Developer Party, as applicable, is qualified to do business; 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 may request.

5.15 Litigation. The Developer and each Developer Party shall provide to Corporation Counsel and DPD, at least ten (10) business days prior to the Closing Date, a description of all pending or threatened litigation or administrative proceedings involving the Developer or the Developer Party, as applicable, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection

therewith and whether (and to what extent) such potential liability is covered by insurance.

5.16 Conveyance of Facility. Prior to the date of this Agreement, if due to a requirement of Lender Financing, Developer is required to convey a portion of the Facility to an SAE, as defined below, the following shall be required: Developer shall have recorded a Plat of Subdivision. The Plat of Subdivision shall create a residential parcel, consisting of a fee simple interest in improvements comprising, generally, the 6 upper floors of the Facility and intermediate air rights above the roof of the Facility ("Residential Parcel"), and an office parcel, consisting of a fee simple interest in real property and improvements located, generally, underneath the Residential Parcel and air rights above the intermediate air rights above the roof of the Facility ("Office Parcel"), including, without limitation, the portion of the Facility benefitted by TIF-Funded Improvements, together with all easements, rights, claims, interest and appurtenances thereto.

On or before the Closing Date, the Developer shall convey the Residential Parcel and the Office Parcel to two separate limited liability companies, each of which has (i) the Developer or the Management L.L.C. as its sole member, (ii) an executive manager and an independent manager, (iii) the Residential Parcel and the Office Parcel, as applicable, as its sole asset, and (iv) no other business purpose other than the ownership and operation of the Residential Parcel or the Office Parcel, as applicable (provided, however, that the ownership and operation of the Residential Parcel may include the development and sale of condominium units thereafter created on the Residential Parcel) (each such entity, an "SAE"). The foregoing requirement shall be deemed satisfied if, due to a requirement of J.P. Morgan & Company ("Morgan"), as the "initial" lender for the Office Parcel, the Developer's conveyance is made to an SAE, which has an intermediate SAE as its sole member and has no other business purpose other than holding a 100% interest in the title-holding SAE.

The Developer acknowledges and agrees that the above structure has been consented to by the City as an accommodation to enable the Developer to obtain private financing for the Office Parcel. Both the Developer, the Management L.L.C., and each SAE having an interest in the Office Parcel shall be jointly and severally obligated to perform the obligations of the Developer hereunder and have joined as signatories hereto to reflect such obligation. As a condition to closing, the Developer shall provide to the City a legal opinion (which may be included as part of the legal opinion attached hereto as Exhibit J) in a form acceptable to the Corporation Counsel opining as to the Developer's compliance with

the Plat Act and the "non-consolidation" of the Developer Parties in the event of a bankruptcy filing under applicable federal or state bankruptcy law.

5.17 Preconditions of Disbursement. Prior to each disbursement of City Funds hereunder, including pursuant to a Requisition Form, the Developer shall submit documentation of such expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by the Developer to DPD of any request of disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

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

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

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

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

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

(f) the vacancy level of the leasable square footage of the office portion of the Facility has not been equal to or more than 50% for a period of one (1) year or longer. In making this vacancy calculation, the following shall be excluded from the amount of such leasable square footage: (i) square footage that is being converted to residential use (including up to four additional floors of the office portion of the Facility (lower 14 floors)), and (ii) any of the office portion of the Facility (lower 14 floors) previously under lease, but not currently leased to permit life/safety improvements to such previously leased space.

(g) 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

(h) 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 (but only with respect to City Funds to be used for reimbursement of the Developer for costs of Phase One of the Project which have been incurred as of the date of such calculation of such Available Project 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 City or an escrow agent, or otherwise make available, cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct. In addition, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including the requirements set forth in the TIF Ordinances and/or this Agreement.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. Except as otherwise approved by DPD, prior to entering into an agreement with any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with, and having an office located in, the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. For the TIF-Funded Improvements, the Developer shall select the subcontractor (or shall cause the General Contractor to select the subcontractor) submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer selects a subcontractor (or the subcontractor selects any subcontractor) submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected

may not be paid out of City Funds. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof; provided, if any such subcontracts have been entered into prior to the date hereof, copies of such subcontracts shall be provided to DPD within thirty (30) days prior to the execution hereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

6.02 Construction Contract. Prior to the execution hereof, the Developer shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to handle the Total Project in accordance with Section 6.01 above, for DPD's approval. The Developer shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

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

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

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Construction Worker Employment Requirement), Section 10.03 (MBE/WBE Requirements; General Contractor only), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion. Upon completion of any phase of the Project in accordance with the terms of this Agreement, and

upon the Developer's written request, DPD shall issue to the Developer a Component Completion Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete that phase of the Project in accordance with the terms of this Agreement. Upon completion of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD shall issue a Certificate in recordable form certifying that Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DPD shall respond to the Developer's written request for a certificate hereunder within thirty (30) days by issuing either a certificate or a written statement detailing the ways in which the Project (or portion thereof) 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 issuance of a Component Completion Certificate or Certificate relates only to the completion of a phase of the Project or all of the Project as the case maybe, 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 Component Completion Certificate or 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 a Component Completion Certificate or 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 8.02 and 8.06 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 Component Completion Certificate or Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Component Completion Certificate or Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

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

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

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

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

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 and each Developer Party 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 and each Developer Party is an Illinois or, as applicable, a Delaware limited liability company duly organized, validly existing and in good standing qualified to do business in Illinois or Delaware, 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 and the 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 pursuant to the terms of this Agreement (including subsection (j) below), the Developer has acquired and shall maintain good, indefeasible and merchantable fee simple title to the Property free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

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

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

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

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

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

(j) prior to the issuance of a Component Completion Certificate for Phase One, 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 (which includes the transfer of any portion of the Facility being used for residential purposes or the leasing of space in the office portion of the Facility); provided, that after the issuance of a Component Completion Certificate for Phase One, the Facility may be transferred without the City's consent if the transferee certifies its agreement to abide by the terms of the Agreement in the manner specified in Section 18.15; (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 or have a material adverse effect on its ability to complete the Project;

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

(l) 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) to the best of Developer's knowledge after diligent inquiry, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the membership interests of the Developer;

(n) the Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Developer or its business;

(o) the execution, delivery and performance of the Documents by the Developer has not and will not require 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.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the 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 Other Bond Ordinance to the extent it does not conflict with the provisions of this Agreement, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section shall run with the land and 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 pay for (or to reimburse the Developer for its payment for) the TIF-Funded Improvements as provided in this Agreement.

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

8.06 Job Creation and Retention; Covenant to Remain in the City. Not less than seventy (70) construction jobs shall be created by the Developer in connection with the Project, and not less than two hundred eighty (280) full-time equivalent (1800 hours a year) permanent office jobs shall be retained and maintained by the Developer at the Facility from the Completion Date through the Term of the Agreement. The Developer hereby covenants and agrees to maintain its operations within the City of Chicago at the site described above through June 20, 2007. The Facility and the Property will not be used for any of the purposes set forth on Exhibit L hereto without the prior written consent of DPD. The covenants set forth in this Section shall run with the land and be binding upon any transferee.

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 written progress reports, monthly during Phase One of the Project and quarterly during Phase Two of the Project, and with each Requisition Form 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 to evidence compliance with Section 8.06 hereof.

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

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

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

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

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

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

8.15 Non-Governmental Charges. (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Total 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 the Total Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest

thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

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

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

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

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

8.17 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Total 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 Total

Project and the Property. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.18 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed on the date hereof against the Property in the conveyance and real property records of the county in which the Project is located. 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 Participation in City Beautification Efforts. In conjunction with the City's beautification efforts regarding the Redevelopment Area, the Developer agrees to contribute to the City the sum of \$25,000 with which the City will purchase a sidewalk-cleaning machine to the City's specifications. This sum shall be due and payable on the Closing Date.

8.20 Public Benefits Program. The Developer shall, prior to the Closing Date, pursue the listing of the exterior facade of the Facility on the National Register of Historic Places and shall have obtained such listing within one year after the Closing Date. In the event Developer has not obtained such listing prior to the Closing Date, the Developer shall provide the City with a status report on a semi-annual basis describing in sufficient detail the Developer's efforts to comply with this Section. The Developer consents to the designation of the Facility as a contributing structure to a Chicago Landmark District which the City may propose, and shall cooperate with the City in such landmark designation process undertaken by the City.

8.21 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this 8.21 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 Total 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 work identified on Exhibit H-2 relating to the Total 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 such portion of the Total 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 Total 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 Total 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.

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 such portion of the Total 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 portion of the Total Project specified below:

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

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

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

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

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

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

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

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

SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Total Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the 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 this Agreement, the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement

(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.

(iii) All Risk Property Insurance

All Risk Insurance in the amount of the full replacement value of the Property.

(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 Total 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 shall have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) 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 shall have 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, the 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.

(ix) All Risk Property Insurance

All Risk Insurance in the amount of the full replacement value of the Property.

(c) Other Requirements

Upon the Completion Date, the Developer shall provide 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 as an additional insured.

The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street, Chicago, Illinois 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer shall submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to Agreement award. 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 contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the Contractor, or subcontractors. All Contractors and subcontractors shall be subject to the same requirements (Section c) of Developer unless otherwise specified herein.

If the Developer, Contractor or subcontractor desires additional coverages, the Developer, Contractor and each 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.

SECTION 13. INDEMNIFICATION

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Total Project improvement, or (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or its agents, employees, contractors or persons acting under the control or at the request of the Developer or (iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Total Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Total 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 Total Project.

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City shall have access to all portions of the Total 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;

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

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

(k) the failure of either SAE#1 or SAE#2, if same shall have been made signatories to this Agreement, to constitute an SAE.

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

15.02 Remedies. Upon the occurrence of an Event of Default, subject to the provisions of Section 15.03, 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 injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to

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

SECTION 16. MORTGAGING OF THE PROJECT

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

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a mortgage or deed of trust (other than an Existing Mortgage or a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled

to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

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

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

SECTION 17. NOTICE

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

If to the City: City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, IL 60602
Attention: Commissioner
Fax# (312) 744-2271

With Copies To: City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602
Fax# (312) 744-8538

If to Developer: c/o Metropolitan Properties of Chicago, Inc.
310 South Michigan Avenue
Suite 2500
Chicago, Illinois 60604-4210
Attention: Louis D'Angelo
Fax #(312) 922-0869

With Copies To: Piper Marbury Rudnick & Wolfe
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601
Attention: James L. Beard
Fax #(312) 236-7516

[If to SAE#1 OR Management L.L.C.):

c/o Metropolitan Properties of Chicago, Inc.
310 South Michigan Avenue
Suite 2500
Chicago, Illinois 60604-4210
Attention: Louis D'Angelo
Fax #(312) 922-0869

With Copies To: Piper Marbury Rudnick & Wolfe
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601
Attention: James L. Beard
Fax #(312) 236-7516

[If to SAE#2]:

c/o Metropolitan Properties of Chicago, Inc.
310 South Michigan Avenue
Suite 2500
Chicago, Illinois 60604-4210
Attention: Louis D'Angelo
Fax #(312) 922-0869

With Copies To: Piper Marbury Rudnick & Wolfe
203 North LaSalle Street
Suite 1800
Chicago, Illinois 60601
Attention: James L. Beard
Fax #(312) 236-7516

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.

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 supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof. It is agreed that no material amendment or change shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council of the City. The term "material" for the purpose of this Section 18.02 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 by more than five percent (5%) or materially changes the Facility or character of the Project or any

activities undertaken by Developer affecting the Facility, the Project, or both, or increases any time agreed for performance by the Developer by more than ninety (90) days.

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. 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, not any course of dealing between the parties hereto, shall constitute a waiver of any of such parties' rights or of any obligations of any other party hereto as to any future transactions.

18.06 Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein 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, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 Assignment. Prior to the issuance by the City to the Developer of a Component Certificate for Phase One, the Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City. Notwithstanding the issuance of such Certificates, any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to 8.21 (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).

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 the 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 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 with respect to any matter involving any person with whom the elected official 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 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.

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

18.22 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 actual out-of-pocket expenses, including reasonable attorneys' fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, reasonable attorneys' fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

18.23 Joint and Several Liability. The obligations of Developer, SAE #1, SAE #2, and Management L.L.C. under this Agreement are joint and several. All representations, warranties, covenants, indemnifications and other obligations of the Developer under this Agreement shall be deemed to have been individually given and made by each Developer Party. A default by any Developer Party hereunder shall constitute a default by the Developer and shall entitle the City to exercise the remedies provided for herein against the Developer Parties, jointly and severally.

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

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

ATTEST:

DEVELOPER:

330 SOUTH MICHIGAN AVENUE, L.L.C.,
an Illinois limited liability company

By: L.D. d'Angelo Enterprises, L.L.C.,
an Illinois limited liability company,
manager

By: _____

By:  _____

Name: Louis D. D'Angelo

Its: *Sole member*
Managing

ATTEST:

SAE#1:

332 South Michigan Avenue Office, L.L.C.,
a Delaware limited liability company

By:  _____

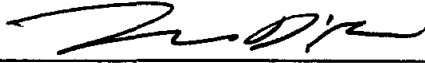
Name: Louis D. D'Angelo

Its: *President*

ATTEST:

SAE#2:

330 South Michigan Avenue Residential, L.L.C.,
a Delaware limited liability company

By:  _____

Name: Louis D. D'Angelo

Its: *President*

ATTEST:

332 MANAGEMENT COMPANY, L.L.C.,

_____ a Delaware limited liability company

By: 
Name: Louis D. D'Angelo
Its: *President*

CITY OF CHICAGO

By: _____

_____ Department
of Planning and Development

ATTEST:

332 MANAGEMENT COMPANY:

a Delaware limited liability company

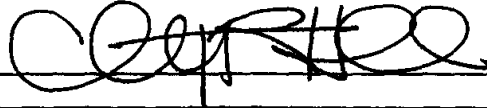
By: _____

Name: Louis D. D'Angelo

Its:

CITY OF CHICAGO

By: _____



Department
of Planning and Development

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, *Norma J Conti*, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Louis D. D'Angelo, the ^{member}~~sole~~ member of L.D. d'Angelo Enterprises, L.L.C. (the "Member"), which is the ~~sole~~^{member} member of 330 South Michigan Avenue, L.L.C., 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 signed, sealed, and delivered said instrument, pursuant to the authority given to him by the Member, as his 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 16th day of August, 2000.
Norma J Conti
Notary Public

My Commission Expires 1/09/01

(SEAL)



(STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

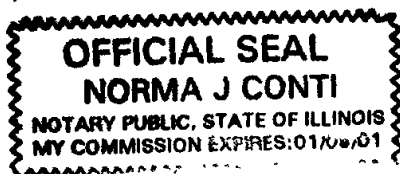
I, JORNA J CONTI, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that LOUIS D'ASCEN, who is the President of 330 332 South Michigan Avenue Office L.L.C., ("SAE#1") a Delaware limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him by the Member, as his free and voluntary act and as the free and voluntary act of the SAE#1 Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 16 day of August, 2000.

Norma J. Conti
Notary Public

My Commission Expires 1/09/01

(SEAL)



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Norma J Conti, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that LOU D'ANGELO, who is the President of 332 Management Company, L.L.C., a Delaware limited liability company, 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 signed, sealed, and delivered said instrument, pursuant to the authority given to him by the Member, as his 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 16 day of AUGUST, 2000.]

Norma J Conti
Notary Public

My Commission Expires 1/09/01

(SEAL)



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

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

July GIVEN under my hand and official seal this 15th the day of
July, 2000.

Yolanda G. Garcia
Notary Public

My Commission Expires Dec. 17, 2002



EXHIBIT A

Legal Description Of North Loop Area.

Redevelopment Project Area Legal Description.

A tract of land consisting of lots and blocks or parts thereof and streets and alleys of Blocks 16, 17, 35, 36, 37 and 58 in the Original Town of Chicago in the east part of the southeast quarter of Section 9, Township 39 North, Range 14 and part of Blocks 8 and 9 in the Fort Dearborn Addition to Chicago in the southwest fractional quarter of Section 10, Township 39 North, Range 14 East of the Third Principal Meridian, in the City of Chicago, County of Cook, State of Illinois and bounded as follows:

beginning at the intersection of the south line of West Lake Street and the west line of North LaSalle Street, thence north along the west line of North LaSalle Street to the north line extended west of West Haddock Place; thence east along said line to the west line of North Clark Street; thence north along said west line to the northerly line of West Wacker Drive as said northerly line was established by ordinance passed by the City Council of the City of Chicago on December 15, 1919, thence east along said northerly line of West Wacker Drive to the east line of North State Street; thence south along said east line to the north line of West Haddock Place; thence east along said line to the east line of Lot 28 extended north of Block 8 in Fort Dearborn Addition to Chicago as aforesaid, thence south along the east line of Lot 28 as aforesaid to the north line of East Lake Street, thence east along said north line to the east line of Lot 10 extended north of Block 9 in Fort Dearborn Addition to Chicago as aforesaid, thence south along the east line of Lot 10 as aforesaid to the north line of East Benton Place; thence east along said north line to the east line of North Wabash Avenue; thence south along said line to the south line of East Randolph Street; thence west along said south line to the east line of North State Street, thence south along said east line to the south line extended east of Lot 1 of Assessor's Resubdivision of Lots 1 to 5 in Block 58 in Assessor's Division of the Original Town of Chicago as aforesaid, thence west along said extended line to the west line of said Lot 1, thence north along said line to the south line of West Washington Street, thence west along south line to the west line of North Dearborn Street; thence north along said west line to the south line of West Randolph Street;

thence west along said south line to the west line of North Clark Street,
thence north along said west line to the south line of West Lake Street,
thence west along said south line to the place of beginning

Legal Description Of Added Area.

The boundaries of the Added Project Area are legally described as follows:

Subarea 1.

A tract of land comprised of all or parts of Blocks 19, 20, 31, 32, 33, 40 and 41 in the Original Town of Chicago, together with parts of streets and alleys adjoining said blocks, in the south half of Section 9, Township 39 North, Range 14 East of the Third Principal Meridian, which tract is more particularly described as follows.

beginning at the intersection of the west line of North LaSalle Street, as widened, with the north line of Block 33; thence west along said north line (being also the south line of West Lake Street) to the west line of said block, thence south along said west line (being also the east line of North Wells Street) to the north line of West Couch Place; thence east along said north line to an intersection with the northward extension of the west line of Lot 7 in Block 33, thence south along said extension, and along said west line, to the south line of said block; thence east along said south line (being also the north line of West Randolph Street) and along the eastward extension of said south line, to an intersection with the northward extension of the west line of Block 39 in the Original Town of Chicago; thence south along said extension, and along said west line (being also the east line of North LaSalle Street) to an intersection with the eastward extension of the south line of West Court Place; thence west along said extension and along said south line to the west line of Block 40 aforesaid, thence west, crossing North Wells Street, to the northeast corner of Lot 8 in Block 41 aforesaid; thence west along the north line of said lot to an intersection with the southward extension of the west line of Lot 1 in said block; thence north along said extension and along said west line, to the north line of Block 41; thence west along said north line (being also the south line of West Randolph Street) to

the northwest corner of said block, thence west, crossing North Franklin Street, to the northeast corner of Block 42 in the Original Town of Chicago, thence west along the north line of said Block 1 (being also the south line of West Randolph Street) to an intersection with the southward extension of the west line of the east 20 feet of Lot 7 in Block 31 aforesaid; thence north along said extension and along said west line, to the north line of West Couch Place; thence east along said north line to the east line of Block 31; thence north along said east line (being also the west line of North Franklin Street) and along the northward extension of said east line to an intersection with the westward extension of the south line of Block 20 aforesaid; thence east along said extension, and along said south line (being also the north line of West Lake Street) to the west line of North Post Place; thence north along said west line and along the northward extension thereof, to an intersection with the westward extension of the north line of West Haddock Place; thence east along said extension and along said north line to the east line of Block 20; thence east, crossing North Wells Street, to the intersection of the west line of Block 19 aforesaid with the north line of West Haddock Place; thence east along said north line to an intersection with the west line of North LaSalle Street as widened, thence south along said west line to the south line of Block 19; thence south, crossing West Lake Street, to the point of beginning, in the City of Chicago, Cook County, Illinois.

Subarea 2.

A tract of land comprised of part of Block 58 and parts of adjacent streets and alleys in the Original Town of Chicago in Section 9, together with all or parts of Blocks 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 and 15 and parts of adjacent streets and alleys in Fort Dearborn Addition to Chicago in Section 10, and all or parts of Blocks 1 through 10, and all or parts of Blocks 1 through 10, inclusive, and parts of adjacent streets and alleys in Fractional Section 15 Addition to Chicago, and all or parts of Blocks 113, 114, 120, 122, 123, 124, 137, 138, 139, 140, 141 and 142 in School Section Addition to Chicago, all in Township 39 North, Range 14 East of the Third Principal Meridian, which tract of land is more particularly described as follows

beginning at the northwest corner of Block 8 in Fort Dearborn Addition to Chicago in Section 10 aforesaid, thence east along the north line of said block (being also the south line of East Wacker Drive) to the northeast corner of Lot 6 in said block, thence south along the east line of said lot to the north line of East Haddock Place, thence west along said north line to an intersection

with the northward extension of the east line of Lot 28 in Block 8, thence south along said extension, and along said east line, to the south line of said block, thence east along said south line (being also the north line of East Lake Street) to an intersection with the northward extension of the east line of Lot 10 in Block 9 of Fort Dearborn Addition to Chicago; thence south along said extension, and along said east line to the north line of East Benton Place, thence east along said north line, and along the eastward extension thereof, to an intersection with the northward extension of the west line of the south part of Block 10 in Fort Dearborn Addition to Chicago; thence south along said extension, and along said west line (being also the east line of North Wabash Avenue) and along the southward extension thereof, to an intersection with the eastward extension of the north line of Block 13 in said Fort Dearborn Addition; thence west along said extension to the northeast corner of said Block 13; thence south along the east line of said block (being also the west line of North Wabash Avenue) to the southeast corner of said block; thence west along the south line of said block (being also the north line of East Washington Street) to an intersection with the northward extension of the west line of Block 14 in Fort Dearborn Addition; thence south along said extension, and along said west line (being also the east line of North State Street) to an intersection with the eastward extension of the south line of Lot 1 in Assessor's Resubdivision of Sublots 1 to 5 of Assessor's Division of Lots 1, 2, 3, 4 and 5 of Block 58 in the Original Town of Chicago aforesaid, thence west along said extension, crossing North State Street and entering Section 9 aforesaid, and continuing along said south line of said Lot 1, to the southwest corner of said lot; thence north along the west line of said lot to the north line of Block 58, thence west along said north line (being also the south line of West Washington Street) to the northwest corner of Lot 7 in Assessor's Division of Lots 1, 2, 3, 4 and 5 of Block 58; thence south along the west line of said lot to the north line of West Calhoun Place; thence west along said north line, and along the westward extension thereof, to an intersection with the northwest extension of the east line of the south part of Block 57 in the Original Town of Chicago aforesaid; thence south along said extension and along said east line (being also the west line of North Dearborn Street) and along the southward extension of said east line to the southeast corner of said Block 57, thence southward, crossing West Madison Street and entering Section 16, to the northeast corner of Block 119 in School Section Addition aforesaid, thence south along the east line of said block (being also the west line of South Dearborn Street) to an intersection with the westward extension of the north line of Lot 20 in the subdivision of Block 142 in said School Section Addition; thence east along said extension, and along said north line, to the northeast corner of said lot; thence south along the east line of Lots 20 through 27, inclusive, in said subdivision, and

along the southward extension thereof, to an intersection with the north line of Block 141 in School Section Subdivision aforesaid, thence east along said north line (being also the south line of West Monroe Street) to the northwest corner of the east half of Lot 3 in said Block 141; thence south along the west line of the east half of said lot to the north line of West Marble (hydraulic) Place, thence west along said north line, and the westward extension thereof, to an intersection with the northward extension of the east line of Lot 20 in County Clerk's Division of Block 120 in School Section Addition, thence south along said extension, and along said east line (being also the west line of South Dearborn Street) and along the southward extension of said east line, to an intersection with the westward extension of the north line of Block 140 in School Section Addition; thence east along said extension and along said north line (being also the south line of West Adams Street) to an intersection with the west line of the east 25 feet of Lot 5 in the subdivision of Blocks 83, 92 and 140 in School Section Addition; thence south along said west line to an intersection with the westward extension of the south line of the alley in the subdivision of Lots 3 and 4 in said Block 140; thence east along said extension and along said south line to an angle point; thence southeastwardly along a southwesterly line of said alley to an angle point, thence south along a west line of said alley and along the southward extension thereof, to an intersection with the north line of Lot 13 in the aforementioned subdivision of Blocks 83, 92 and 140; thence east along said north line (being also the south line of West Quincy Street) to the northeast corner of said Lot 13, thence south along the east line of said lot to the south line of Block 140, thence west along said south line (being also the north line of West Jackson Boulevard) and along the westward extension thereof, to an intersection with the northward extension of the east line of Lots 1, 4, 8, 11, 14, 17, 20 and 23 in Wright's Subdivision of Block 122 in School Section Addition, thence south along said extension, and along said east line (being also the west line of South Federal Street) to the southeast corner of said Lot 23, thence west along the south line of said Lot 23 and the westward extension thereof, and also along the south line of Lot 22 in Wright's Subdivision (being also the north line of West Van Buren Street) to the southwest corner of said Lot 22, thence west, crossing South Clark Street, to the southeast corner of Lot 22 in the subdivision of Block 115 of School Section Addition aforesaid, thence west along the south line of said Lot 22 and Lot 23 (being also the north line of West Van Buren Street) to the southwest corner of said Lot 23, thence west, crossing South LaSalle Street, to the southeast corner of that part of said street vacated by ordinance passed February 29, 1980, and recorded August 12, 1980, as Document Number 25545766, thence south along the southward extension of the east line of said vacation to an intersection with the north line of Lot 3 in the subdivision of Block 114 of School Section Addition; thence east along said north line (being also the south line of West Van Buren Street) to the

EXHIBIT B

LEGAL DESCRIPTION

ALL OF LOTS 1, 1*, 1A, 1B, 1C, 1D, 1E, 1F, 1G, 1H, 1J, 1K, 1K*, 1L, 1M, 1N*, 1P, 1P*, 1Q*, 1R*, 1S, 1T, 1U*, 1V, 1W, 1W*, 1X, 1Y*, 1Z*, 1AA* AND 1BB*, IN 330 SOUTH MICHIGAN SUBDIVISION, BEING A SUBDIVISION OF PART OF FRACTIONAL SECTION 15, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

NOTE:

LOTS MARKED THUS "*" ARE NOT BOUND BY PHYSICAL STRUCTURES AND ARE DEFINED BY THE HORIZONTAL DIMENSIONS SHOWN AND BY THE ELEVATION LIMITS POSTED ON SAID PLAT OF SUBDIVISION.

-and-

ALL OF LOTS 2, 2*, 2A, 2A*, 2B, 2C, 2D, 2E, 2F, 2F*, 2G, 2H, 2J, 2K*, 2L*, 2M* AND 3, IN 330 SOUTH MICHIGAN SUBDIVISION, BEING A SUBDIVISION OF PART OF FRACTIONAL SECTION 15, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

NOTE:

LOTS MARKED THUS "*" ARE NOT BOUND BY PHYSICAL STRUCTURES AND ARE DEFINED BY THE HORIZONTAL DIMENSIONS SHOWN AND BY THE ELEVATION LIMITS POSTED ON SAID PLAT OF SUBDIVISION.

Property Address: 330 S. Michigan Ave
Chicago, IL

Tax Nos. 17-15-107-014
17-15-107-015
17-15-107-016

Exhibit C

TIF-FUNDED IMPROVEMENTS

<u>Line Item</u>	<u>Cost</u>
Rehabilitation costs relating to life/safety improvements	\$2,030,000

EXHIBIT "D"

WHEREAS, Pursuant to an ordinance adopted by the City Council (the "City Council") of the City of Chicago (the "City") on June 20, 1984 and published at pages 7573 and 7681 -- 7714 of the Journal of the Proceedings of the City Council (the "Journal") of such date, a certain redevelopment plan and project (the "North Loop Plan") for the North Loop Tax Increment Redevelopment Project Area (the "North Loop 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 June 20, 1984 and published at pages 7715 and 7716 of the Journal of such date, the North Loop Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, Pursuant to an ordinance adopted by the City Council on June 20, 1984 and published at pages 7715, 7717 and 7718 of the Journal of such date, tax increment allocation financing ("Tax Increment Allocation Financing") was adopted pursuant to the Act as a means of financing certain North Loop Area redevelopment project costs (as defined in the Act) incurred pursuant to the North Loop Plan; and

WHEREAS, It is desirable and in the best interests of the citizens of the City for the City to encourage redevelopment of areas located adjacent to the North Loop Area by expanding the boundaries of the North Loop Area and designating such additional areas described in Section 2 of this ordinance (the "Added Area") (the North Loop Area, as expanded to include the Added Area, is referred to herein as the "Central Loop Area") as a redevelopment project area under the Act; and

WHEREAS, The City desires to supplement and amend the North Loop Plan pursuant to a proposed redevelopment plan and project attached hereto as Exhibit A (the "Central Loop Plan"), and to adopt Tax Increment Allocation Financing for the Added Area; and

WHEREAS, Pursuant to Sections 5/11-74.4-4 and 5/11-74.4-5 of the Act, the Community Development Commission (the "Commission") of the City, by authority of the Mayor and the City Council of the City (the "City Council", referred to herein collectively with the Mayor as the "Corporate Authorities") called a public hearing (the "Hearing") concerning the approval of the Central Loop Plan, designation of the Added Area as a redevelopment project area pursuant to the Act and adoption of Tax Increment Allocation Financing within the Central Loop Area pursuant to the Act on December 10, 1996; and

WHEREAS, The Central Loop Plan (including the related eligibility study attached thereto as an exhibit) was made available for public inspection and review pursuant to Section 5/11-74.4-5(a) of the Act beginning October 24, 1996, at a time prior to the adoption by the Commission of Resolution 96-CDC-69 on October 24, 1996 fixing the time and place for the Hearing, at the offices of the City Clerk and the City's Department of Planning and Development; and

WHEREAS, The Central Loop Plan, along with the name of the person to contact for further information, was sent to the affected taxing districts by certified mail within a reasonable time after adoption by the Commission of Resolution 96-CDC-69 described above, as required by Section 5/11-74.4-5(a) of the Act; and

WHEREAS, Due notice of the Hearing was given pursuant to Section 5/11-74.4-6 of the Act, said notice being given to all taxing districts having property within the Central Loop Area and to the Department of Commerce and Community Affairs of the State of Illinois by certified mail on October 25, 1996, by publication in the *Chicago Sun-Times* on November 18, 1996 and November 26, 1996, and by certified mail to taxpayers within the Central Loop Area on November 29, 1996; and

WHEREAS, A meeting of the Joint Review Board established pursuant to Section 5/11-74.4-5(b) of the Act (the "Board") was convened upon the provision of due notice on November 4, 1996, concerning the approval of the Central Loop Plan, designation of the Added Area as a redevelopment project area pursuant to the Act and adoption of Tax Increment Allocation Financing within the Central Loop Area; and

WHEREAS, The Commission has forwarded to the City Council a copy of its Resolution 96-CDC-81 attached hereto as Exhibit B, adopted on December 10, 1996, recommending to the City Council approval of the Central Loop Plan, among other related matters; and

WHEREAS, The Corporate Authorities have reviewed the Central Loop Plan (including related eligibility study attached to the Central Loop Plan as an exhibit), testimony from the Hearing, if any, the recommendation of

the Board, if any, the recommendation of the Commission and such other matters or studies as the Corporate Authorities have deemed necessary or appropriate to make the findings set forth herein, and are generally informed of the conditions existing in the Central Loop Area; now, therefore,

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

SECTION 1. Recitals. The above recitals are incorporated herein and made a part hereof.

SECTION 2. The Area. The North Loop Area and the Added Area are each legally described in Exhibit C attached hereto and incorporated herein. The street location (as near as practicable) for each of the North Loop Area and the Added Area is described in Exhibit D attached hereto and incorporated herein. The map of each of the North Loop Area and the Added Area is depicted on Exhibit E attached hereto and incorporated herein.

SECTION 3. Findings. The Corporate Authorities hereby make the following findings as required pursuant to Section 5/11-74.4-3(n) of the Act:

a. the Added Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be expected to be developed without the adoption of the Central Loop Plan;

b. the Central Loop Plan:

(i) conforms to the comprehensive plan for the development of the City as a whole; or

(ii) the Central Loop Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the Chicago Plan Commission or (B) includes land-uses that have been approved by the Chicago Plan Commission;

c. the Central Loop Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Central Loop Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not more than twenty-three (23) years from the date of the adoption of the ordinance approving the designation of the North Loop Area as a redevelopment project area, and, as required pursuant to Section 5/11-74.4-7 of the Act, no such obligation shall have a maturity date greater than twenty (20) years; and

d. the Added Area would not reasonably be expected to be developed without the use of incremental revenues pursuant to the Act.

SECTION 4. Approval of the Central Loop Plan. The City hereby approves the Central Loop Plan pursuant to Section 5/11-74.4-4 of the Act.

SECTION 5. North Loop Redevelopment Project Area Ordinances. This ordinance is intended to supplement and amend but not supersede or repeal all or any portions of the above-noted ordinances of the City Council of the City adopting and approving the North Loop Area, the North Loop Plan and adopting and authorizing tax increment financing with respect to the North Loop Plan.

SECTION 6. Powers of Eminent Domain. In compliance with Section 5/11-74.4-4(c) of the Act and with the Central Loop Plan, the Corporation Counsel is authorized to negotiate for the acquisition by the City of parcels contained within the Central Loop Area. In the event that the Corporation Counsel is unable to acquire any of said parcels through negotiation, the Corporation Counsel is authorized to institute eminent domain proceedings to acquire such parcels. Nothing herein shall be in derogation of any proper authority.

SECTION 7. Invalidity of Any Section. 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 remaining provisions of this ordinance.

SECTION 8. Superseder. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 9. Effective Date. This ordinance shall be in full force and effect immediately upon its passage.

[Exhibit "E" referred to in this ordinance printed
on pages 38401 through 38402 of
this Journal.]

Exhibits "A", "B", "C" and "D" referred to in this ordinance read as follows:

*Exhibit "A".**Central Loop**Tax Increment Financing**Redevelopment Project And Plan**City Of Chicago, Illinois**January 13, 1997.**Introduction.*

The City of Chicago, Illinois (the "City") has historically been the premier midwestern location for education, commerce, law, finance, insurance, retail and culture. Nowhere is this historical dominance more noteworthy than the thirty-five (35) block area within the City's Central Business District circumscribed by the elevated commuter rail facility known as the "El". This area is bounded on the north by Lake Street; on the south by Van Buren Street; on the east by Wabash Avenue; and on the west by Wells Street and is referred to as the "Loop".

In the early 1970s, City leaders recognized the need for City intervention within obsolete areas in and around the Loop and began exploring and planning for new redevelopment opportunities. In 1973, the City identified redevelopment opportunities for an approximately nine (9) block area generally bounded on the north by the Chicago River; on the south by Randolph Street; on the east by Wabash Avenue; and on the west by Clark Street; as well as the block bounded by Randolph Street, Washington Street, State Street and Dearborn Street (the "North Loop"). In 1973, the City's Chicago 21 Plan identified a critical need for the North Loop to be revitalized in order for it to contribute to the overall strength and long-term viability of the Central Business District. Moreover, the Chicago 21 Plan noted the opportunity for major redevelopment of all or portions of blocks contained in the North Loop. Concurrently with the Chicago 21 Plan in 1973, the City designated the North Loop Renewal Study Area. Later, in March 1979, the Commercial District Development Commission ("C.D.D.C.") and the City of Chicago designated the North Loop Renewal Study Area as a Blighted Commercial Area pursuant to Chapter 15.1 of the Chicago Municipal Code. Additionally, the City adopted a redevelopment plan for the study area and later amended this redevelopment plan in October, 1982.

In 1981, the C.D.D.C. published the *North Loop Guidelines for Conservation and Redevelopment* (the "North Loop Guidelines") to guide the redevelopment of the North Loop and encourage conformity with the C.D.D.C.'s vision for the North Loop. The North Loop Guidelines established the basis for detailed parcel development plans in the North Loop and included goals, objectives and guidelines for conservation, preservation, space use, circulation, densities and space allocation. Following public hearings, the Chicago Plan Commission adopted resolutions approving amendments to the North Loop Guidelines in May, 1981. The City Council then adopted an ordinance approving the North Loop Guidelines in October, 1981. Following additional public hearings, the City Council adopted an ordinance on October 27, 1982, approving further amendments to the North Loop Guidelines.

In further effort to eliminate adverse conditions, obsolescence and other blighting factors and to stimulate private investment in new construction and rehabilitation of existing buildings in the North Loop, the City enacted the following ordinances on June 20, 1984: (i) an Ordinance Approving the North Loop Tax Increment Redevelopment Plan and Redevelopment Project; (ii) an Ordinance Designating the North Loop Tax Increment Redevelopment Project Area; and (iii) an Ordinance Adopting Tax Increment Financing for the North Loop Redevelopment Project Area.

The redevelopment project area and the redevelopment plan and project enacted by these ordinances and as revised in September, 1987 are hereinafter referred to as the "Original Project Area" and the "Original Redevelopment Plan", respectively. The Original Redevelopment Plan is attached as Exhibit I to this Central Loop Redevelopment Plan (defined herein).

Many of the major redevelopment projects identified in the Original Redevelopment Plan have been successfully implemented. New buildings and facilities have replaced the many deteriorated and obsolete buildings that led to the designation of the Original Project Area. Private investment in new development is evident in several buildings, including 203 North LaSalle, 77 West Wacker, 210 North Clark, 200 North Dearborn, Leo Burnett, Chicago Title and Trust Company, the Renaissance Hotel and two (2) new parking facilities. In addition, rehabilitation of the Chicago Theater and Page Brothers buildings and the ABC Building is complete, and rehabilitation of the Harris/Selwyn Theaters, the Oriental Theater and the Reliance Building has been initiated.

City sponsored initiatives and incentives to stimulate private investment in the Original Project Area are noteworthy and clearly successful when judged by most standards of performance, although development is still underway in parts of the area. According to the North Loop Guidelines and the Original Redevelopment Plan, the City expected the presence of these public and private investments within the North Loop and Original Project

Area to stimulate additional private investments outside of the Original Project Area. However, these successful developments have not stimulated private investment outside of the Original Project Area in an amount, type or scale which was originally anticipated by the City, particularly within areas located west, east and south of the Original Project Area which contain some of the oldest buildings in the Loop.

As part of a strategy to encourage managed growth and stimulate private investment in new construction and maintenance and improvement of existing buildings in the areas located adjacent to the Original Project Area, the City engaged Trkla, Pettigrew, Allen & Payne, Inc. ("T.P.A.P.") to study whether an approximately thirty-eight (38) block area qualifies as a "conservation area" under the Illinois Tax Increment Allocation Redevelopment Act. This area, located in and adjacent to the historical Loop, consists of two (2) subareas which are collectively referred to as the "Added Project Area". Subarea 1 is generally located west of the Original Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 2 is generally located east and south of the Original Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south. A map depicting the boundaries of the Added Area is contained in Part A, Section II of this plan.

This plan, entitled the Central Loop Tax Increment Financing Redevelopment Project and Plan, consists of three (3) parts (A, B and C) which present the comprehensive plan of the City for redevelopment of the Added Project Area and the Original Project Area. Summarized below are the contents of Parts A, B and C.

Part A hereof supplements the Original Redevelopment Plan for the Added Project Area being added to the Original Project Area. The addition of the Added Project Area to the Original Project Area creates an expanded redevelopment project area referred to herein as the "Central Loop Redevelopment Project Area".

Part B hereof amends the Original Redevelopment Plan in order to harmonize the Original Project Plan with the redevelopment plan and project for the Added Project Area set forth in Part A.

Part C hereof sets forth estimated Redevelopment Project Costs for the Central Loop Redevelopment Project Area.

Included as (sub)exhibits hereto are the Original Redevelopment Plan (Sub)Exhibit I and the Central Loop Added Project Area Tax Increment Financing Eligibility Study (Sub)Exhibit II.

The Original Redevelopment Plan as supplemented by Part A and as amended by Part B together with Part C is hereinafter referred to as the "Central Loop Redevelopment Plan".

Part A.

Supplement To Original Redevelopment Plan.

I.

General.

The Added Project Area is comprised of two subareas. Subarea 1 consists of one (1) full and six (6) partial blocks and is located west of the Original Project Area. Subarea 1 is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 1 also includes buildings located at 304 and 308 West Randolph Street and the buildings fronting the west side of Franklin Street between Randolph Street and Couch Place.

Subarea 2 is located south and east of the Original Project Area and consists of twenty-three (23) full and eight (8) partial blocks and is located south and west of the Original Project Area. Subarea 2 is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south. Subarea 2 also includes the buildings along the east side of Michigan Avenue between Wacker Place and Wacker Drive; the Monadnock Building (53 West Jackson Boulevard); and the three (3) block area bounded by LaSalle Street on the west, Van Buren Street on the north, Dearborn Street on the east and Congress Parkway on the south. Excluded from Subarea 2 are several buildings along the periphery of the Added Project Area which have been constructed since the 1960s or significantly rehabilitated within the last few years and which are in good condition.

For a legal description and map depicting the boundaries of the Added Project Area, see Section II, Legal Description.

The Added Project Area contains two hundred thirteen (213) buildings and approximately one hundred thirty-eight and nine-tenths (138.9) acres and consists of various uses, including office, retail, service commercial, professional, governmental, cultural and educational. A portion of the Added Project Area is a part of the City's historic Loop and contains many of the City's oldest office and retail buildings as well as a wide variety of local, state and federal landmarks.

The Added Project Area includes a total of fifty-seven (57) "competitive" (defined as having more than one hundred thousand (100,000) square feet of rentable space) office buildings containing more than fifteen and nine-tenths (15.9) million square feet of office space, or approximately fourteen and six-tenths (14.6) percent of the total downtown market. Several classes of buildings exist within the Added Project Area. Class A space typically includes the most prestigious buildings with the highest quality standard finishes and mechanical systems. These buildings compete for premier office users. Only one building in the Added Project Area is considered to be Class A -- The Chicago Bar Association Building. Class B buildings compete for a wide range of users. Building finishes are fair to good, and mechanical systems are adequate. Fourteen (14) buildings in the Added Project Area are classified as Class B buildings, ten (10) of which were built in the early 1900s and substantially rehabbed to bring them up to Class B standards. Seven (7) of these rehabbed buildings, including the Santa Fe Building, Peoples Gas Building, and Britannica Center, are located along Michigan Avenue. The remaining forty-two (42) office buildings in the Added Project Area are Class C quality, meaning that the tenants they attract require functional space at rents that are typically below the average for the area. These buildings often do not have modern mechanical systems and offer few of the amenities associated with modern office buildings.

As of June, 1996, the overall occupancy rate for Class A buildings in the downtown market was more than ninety percent (90%), the occupancy rate for Class B buildings was slightly more than eighty percent (80%), and the Class C occupancy rate was approximately seventy-three percent (73%). Approximately forty-four percent (44%) of the Class C office buildings in the downtown are located within the Added Project Area. The East Loop submarket, which includes most of the competitive office buildings in the Added Project Area, has the lowest occupancy rate in the downtown market.

The Class A and B buildings in the Added Project Area had a combined occupancy rate of ninety-one percent (91%) in 1988. The rate has fallen steadily to eighty-one percent (81%) in 1995, approximately one (1) percentage point less than the downtown average of eighty-two percent (82%). Occupancy trends for Class C buildings in the Added Project Area show an even more troubling trend. In 1988, the occupancy rate in these Class C buildings was eighty-four percent (84%). By 1995, the rate had fallen to seventy-one percent (71%), more than eleven (11) percentage points less than the downtown average of eighty-two percent (82%). Nearly one-third ($\frac{1}{3}$) of the space in these buildings stands vacant. Ten (10) Class C buildings in the Added Project Area currently have occupancy rates of fifty percent (50%) or less. In contrast, in 1988 only one (1) building was less than fifty percent (50%) occupied.

Consistent with falling occupancy rates, absorption of space has been negative for the buildings in the Added Project Area for every year since 1988. Absorption, which measures the net change in occupied square feet, is

the best indicator of demand for space. Negative absorption indicates that more tenants are leaving the area than are moving into it. In 1995, absorption in the Added Project Area was negative eighty-five thousand three hundred forty-nine (-85,349) square feet, while absorption for the downtown was positive six hundred seventy-nine thousand six hundred two (679,602) square feet. In 1994, absorption in the Added Project Area was negative one hundred sixty-six thousand seven hundred sixty-eight (-166,768) square feet, while absorption for the downtown was positive two million nine hundred fourteen thousand forty-two (2,914,042) square feet.

The rental rates in the Class C office buildings are extremely low. According to BOMA/Chicago's 1996 Rent Barometer, the average net effective rent for Class C buildings in downtown Chicago is Three and 57/100 Dollars (\$3.57) per square foot. The actual return to the landlord, when amortized over the term of the lease, averages Two and 47/100 Dollars (\$2.47) per square foot. These low returns make it difficult for landlords to pay taxes and adequately maintain their properties, much less finance significant improvements to their buildings. The downward occupancy and rental rate trends that have occurred in recent years for many existing office buildings in the Added Project Area are likely to continue, despite generally improving conditions in the overall office market.

The Added Project Area on the whole has not been subject to growth and development through investment by private enterprise. Evidence of this lack of growth and development is detailed in Section VI and summarized below.

- Numerous buildings show signs of obsolescence, deterioration, building code violations, excessive vacancies and an overall depreciation of physical maintenance.
- Major development sites have remained vacant for more than ten (10) years.
- During the past ten (10) years, new construction within the Added Project Area has been limited to three (3) structures: a public library, a quasi-public office building and a Commonwealth Edison cooling plant.
- During the past five (5) years, building renovations have occurred in only a limited number of non-public buildings.
- Absorption of office space in the Added Project Area has been negative in every year since 1988.
- The overall office vacancy rate in the Added Project Area is more than seven percent (7%) higher than the overall vacancy rate of downtown.

- Average gross rents per square foot of Class B and C office buildings in the Added Project Area are lower than the average gross rents per square foot of Class B and C office buildings in the downtown as a whole.
- More than seventy-five (75) small retail, office and commercial service buildings contain several vacant or substantially vacant floors at or above the ground floor.
- Several department stores have closed since the early 1980s, including Sears, Montgomery Wards, Goldblatts, Rothschilds and Wiebolt's.
- Between 1991 and 1995, the equalized assessed valuation (the "E.A.V.") of the Added Project Area decreased by approximately Forty-three Million Three Hundred Seventy Thousand Dollars (\$43,370,000), while the E.A.V. of the Loop and the City as a whole increased.
- In spite of a higher overall tax rate and State equalization factor in 1995 as compared to 1991, property tax revenues generated in the Added Project Area were Three Million Seven Hundred Thousand Dollars (\$3,700,000) lower in 1995 than in 1991.

Without a substantial, visible and comprehensive effort by the City to promote investment throughout the Added Project Area, the Added Project Area will not likely be subject to additional growth through private investment. Additionally, the Added Project Area would likely continue to be characterized by obsolescence, deterioration, structures below minimum code standards, excessive vacancies, deferred maintenance, foreclosures and declining assessed valuations. The Added Project Area, while not yet a blighted area, may continue to decline and deteriorate and, without the intervention of the City, may become a blighted area. Finally, the Added Project Area would not reasonably be anticipated to develop without the intervention of the City and the adoption of this redevelopment project and plan for the Added Project Area.

A. Tax Increment Financing.

In January, 1977, Tax Increment Financing ("T.I.F.") was made possible by the Illinois General Assembly through passage of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended (the "Act"). The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental

Property Tax" or "Incremental Property Taxes" are derived from the increase in the current E.A.V. of real property within the redevelopment project area over and above the "Certified Initial E.A.V." of such real property. Any increase in E.A.V. is then multiplied by the current tax rate which results in Incremental Property Taxes. A decline in current E.A.V. does not result in a negative Incremental Property Tax.

To finance redevelopment project costs, a municipality may issue obligations secured by Incremental Property Taxes to be generated within the project area. In addition, a municipality may pledge towards payment of such obligations any part or any combination of the following: (a) net revenues of all or part of any redevelopment project; (b) taxes levied and collected on any or all property in the municipality; (c) the full faith and credit of the municipality; (d) a mortgage on part or all of the redevelopment project; or (e) any other taxes or anticipated receipts that the municipality may lawfully pledge.

Tax increment financing does not generate tax revenues by increasing tax rates; it generates revenues by allowing the municipality to capture, temporarily, the new tax revenues generated by the enhanced valuation of properties resulting from the municipality's redevelopment program, improvements and activities, various redevelopment projects, and the reassessment of properties. Under T.I.F., all taxing districts continue to receive property taxes levied on the initial valuation of properties within the redevelopment project area. Additionally, taxing districts can receive distributions of excess Incremental Property Taxes when annual Incremental Property Taxes received exceed principal and interest obligations for that year and redevelopment project costs necessary to implement the redevelopment plan have been paid. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

B. The Redevelopment Plan For The Added Project Area.

The Added Project Area as a whole has not been subject to growth and development through private investment as evidenced in Section VI. Furthermore, it is not reasonable to expect that the Added Project Area as a whole will be redeveloped without the use of T.I.F..

This Part A has been formulated in accordance with the provisions of the Act and is intended to guide improvements and activities within the Added Project Area in order to stimulate private investment in the Added Project Area. The goal of the City, through the implementation of this Part A, is that the entire Added Project Area be revitalized on a comprehensive and planned basis in order to ensure that private investment in rehabilitation and new development occurs:

1. on a coordinated rather than piecemeal basis to ensure that the land-use, pedestrian access, vehicular circulation, parking, service and urban design systems are functionally integrated and meet present-day principles and standards;
2. on a reasonable, comprehensive and integrated basis to ensure that the factors of blight are eliminated; and
3. within a reasonable and defined time period so that the area may contribute productively to the economic vitality of the City.

The redevelopment of the Added Project Area will constitute one of the largest of its kind in the United States, and presents challenges and opportunities commensurate with its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. The adoption of this Part A will make possible the implementation of a comprehensive program for the redevelopment of the Added Project Area. By means of public investment, the Added Project Area will become a stable environment that will again attract private investment. Public investment will set the stage for redeveloping the Added Project Area through private investment. Through this Part A, the City will serve as the central force for directing assets and energies of the private sector for a unified cooperative public-private redevelopment effort.

This Part A sets forth the overall "Redevelopment Project" to be undertaken to accomplish the above-stated goal. During the Redevelopment Project implementation, the City may, from time to time, (i) undertake or cause to be undertaken public improvements and activities and (ii) enter into redevelopment agreements with private entities to construct, rehabilitate, renovate or restore private improvements on one (1) or several parcels (collectively referred to as "Redevelopment Projects").

This Part A specifically describes the Added Project Area and summarizes the conservation area factors which qualify the Added Project Area as a "conservation area" as defined in the Act.

Successful implementation of this Part A requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act and work cooperatively with the private sector and other governmental agencies. Incremental Property Taxes and other resources will be utilized to stimulate the comprehensive and coordinated development of the Added Project Area. Only through the utilization of T.I.F. will the Added Project Area develop on a comprehensive and coordinated basis, thereby eliminating the conservation area conditions and the threatened blight which have precluded its comprehensive and coordinated development by the private sector.

The use of Incremental Property Taxes by the City will permit the City to direct, implement and coordinate public improvements and activities to stimulate private investments on a comprehensive basis. These improvements, activities and investments will benefit the City, its residents and all taxing districts having jurisdiction over the Added Project Area. The anticipated benefits include:

A Commitment To Maintaining A Healthy And Viable Downtown And City.

- Demonstrates a commitment to the downtown.
- Reinforces the Loop's role as a regional employment and retail center.
- Improves and enhances the City's reputation as a world-class business, cultural, institutional and entertainment destination.
- Expands cultural, educational and entertainment opportunities.
- Strengthens the lakefront cultural/convention corridor by enhancing institutions and improving connections between facilities.

An Improved Business Climate In The Added Project Area.

- Reduces physical deterioration and obsolescence.
- Improves and upgrades the image and appearance of the area.
- Stimulates private investment in building rehabilitation and new development.
- Enhances the City's central business district as a vibrant area throughout the day and night.
- Promotes additional pedestrian traffic.
- Increases the residential population in the Loop.
- Protects historic buildings and districts.

Increased Employment And Retail Opportunities For The City's Residents.

- Stabilizes and expands the City's employment base.

- Promotes a wider range of goods and services for the residents of the City.
- Provides additional employment and retail opportunities in an area which is well-served by public transportation and easily accessible from many of the City's neighborhoods.

Stabilized And Expanded Tax Revenues Generated Within The Added Project Area.

- Strengthens the non-residential property tax base of the City.
- Strengthens the sales tax base of the City through increased business activity.
- Reverses the decline of assessed values in the Added Project Area.
- Maintains a healthy balance between the property tax burden borne by homeowners and non-residential properties.

II.

Legal Description.

The boundaries of the Added Project Area have been drawn to include only those contiguous parcels of real property and improvements substantially benefited by the proposed Redevelopment Project to be undertaken as part of this Part A. The Boundaries of the Added Project Area are shown in Figure 1, Boundary Map, and are generally described below:

The Added Project Area is comprised of two (2) subareas. Subarea 1 consists of one (1) full and five (5) partial blocks and is located west of the Original Project Area. Subarea 1 is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east and Court Place on the south. Subarea 1 also includes buildings located at 304 and 308 West Randolph Street and the buildings fronting the west side of Franklin Street, between Randolph Street and Couch Place.

Subarea 2 is located south and east of the Original Project Area and consists of twenty-three (23) full and eight (8) partial blocks and is located south and west of the Original Project Area. Subarea 2 is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south. Subarea 2 also includes the buildings along the east side of Michigan Avenue, between

Wacker Place and Wacker Drive; the Monadnock Building (53 West Jackson Boulevard); and the three (3) block area bounded by LaSalle Street on the west, Van Buren Street on the north, Dearborn Street on the east and Congress Parkway on the south.

Buildings excluded from the general boundaries of the Added Project Area described above include the following: 225 West Wacker Building, 180 North LaSalle Building and the parking structure to its west, State of Illinois Building (150 North LaSalle Street), 225 West Randolph Building, United of America Building (1 East Wacker Drive), Stone Container Building (150 North Michigan Avenue), Marshall Field's department store, Inland Steel Building (30 West Monroe Street), 33 West Monroe Building, 33 North Dearborn Building and the Dirksen Federal Building. These buildings represent buildings along the periphery of the Added Project Area which have been constructed since the 1960s or have been significantly rehabilitated within the last few years and which are in good condition.

The boundaries of the Added Project Area are legally described as follows:

Subarea 1.

A tract of land comprised of all or parts of Blocks 19, 20, 31, 32, 33, 40 and 41 in the Original Town of Chicago, together with parts of streets and alleys adjoining said blocks, in the south half of Section 9, Township 39 North, Range 14 East of the Third Principal Meridian, which tract is more particularly described as follows:

beginning at the intersection of the west line of North LaSalle Street as widened with the north line of Block 33; thence west along said north line (being also the south line of West Lake Street) to the west line of said block; thence south along said west line (being also the east line of North Wells Street) to the north line of West Couch Place; thence east along said north line to an intersection with the northward extension of the west line of Lot 7 in Block 33; thence south along said extension, and along said west line, to the south line of said block; thence east along said south line (being also the north line of West Randolph Street) and along the eastward extension of said south line, to an intersection with the northward extension of the west line of Block 39 in the Original Town of Chicago; thence south along said extension, and along said west line (being also the east line of North LaSalle Street) to an intersection with the eastward extension of the south line of West Court Place; thence west along said extension and along said south line to the west line of Block 40 aforesaid; thence west, crossing North Wells Street, to the northeast corner of Lot 8 in Block 41 aforesaid; thence west along the north line of said lot to an intersection with the southward extension of the west line of Lot 1 in said block; thence north along said extension and along said west line,

to the north line of Block 41; thence west along said north line (being also the south line of West Randolph Street) to the northwest corner of said block; thence west, crossing North Franklin Street, to the northeast corner of Block 42 in the Original Town of Chicago; thence west along the north line of said Block 1 (being also the south line of West Randolph Street) to an intersection with the southward extension of the west line of the east 20 feet of Lot 7 in Block 31 aforesaid; thence north along said extension and along said west line, to the north line of West Couch Place; thence east along said north line to the east line of Block 31; thence north along said east line (being also the west line of North Franklin Street) and along the northward extension of said east line to an intersection with the westward extension of the south line of Block 20 aforesaid; thence east along said extension, and along said south line (being also the north line of West Lake Street) to the west line of North Post Place; thence north along said west line and along the northward extension thereof, to an intersection with the westward extension of the north line of West Haddock Place; thence east along said extension and along said north line to the east line of Block 20; thence east, crossing North Wells Street, to the intersection of the west line of Block 19 aforesaid with the north line of West Haddock Place; thence east along said north line to an intersection with the west line of North LaSalle Street as widened; thence south along said west line to the south line of Block 19; thence south, crossing West Lake Street, to the point of beginning, in the City of Chicago, Cook County, Illinois.

Subarea 2.

A tract of land comprised of part of Block 58 and parts of adjacent streets and alleys in the Original Town of Chicago in Section 9, together with all or parts of Blocks 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 and 15 and parts of adjacent streets and alleys in Fort Dearborn Addition to Chicago in Section 10, and all or parts of Blocks 1 through 10, and all or parts of Blocks 1 through 10, inclusive, and parts of adjacent streets and alleys in Fractional Section 15 Addition to Chicago, and all or parts of Blocks 113, 114, 120, 122, 123, 124, 137, 138, 139, 140, 141 and 142 in School Section Addition to Chicago, all in Township 39 North, Range 14 East of the Third Principal Meridian, which tract of land is more particularly described as follows:

beginning at the northwest corner of Block 8 in Fort Dearborn Addition to Chicago in Section 10 aforesaid; thence east along the north line of said block (being also the south line of East Wacker Drive) to the northeast corner of Lot 6 in said block; thence south along the east line of said lot to the north line of East Haddock Place; thence west along said north line to an intersection with the northward extension of the east line of Lot 28 in Block 8; thence south

along said extension, and along said east line, to the south line of said block; thence east along said south line (being also the north line of East Lake Street) to an intersection with the northward extension of the east line of Lot 10 in Block 9 of Fort Dearborn Addition to Chicago; thence south along said extension, and along said east line to the north line of East Benton Place; thence east along said north line, and along the eastward extension thereof, to an intersection with the northward extension of the west line of the south part of Block 10 in Fort Dearborn Addition to Chicago; thence south along said extension, and along said west line (being also the east line of North Wabash Avenue) and along the southward extension thereof, to an intersection with the eastward extension of the north line of Block 13 in said Fort Dearborn Addition; thence west along said extension to the northeast corner of said Block 13; thence south along the east line of said block (being also the west line of North Wabash Avenue) to the southeast corner of said block; thence west along the south line of said block (being also the north line of East Washington Street) to an intersection with the northward extension of the west line of Block 14 in Fort Dearborn Addition; thence south along said extension, and along said west line (being also the east line of North State Street) to an intersection with the eastward extension of the south line of Lot 1 in Assessor's Resubdivision of Sublots 1 to 5 of Assessor's Division of Lots 1, 2, 3, 4 and 5 of Block 58 in the Original Town of Chicago aforesaid; thence west along said extension, crossing North State Street and entering Section 9 aforesaid, and continuing along said south line of said Lot 1, to the southwest corner of said lot; thence north along the west line of said lot to the north line of Block 58; thence west along said north line (being also the south line of West Washington Street) to the northwest corner of Lot 7 in Assessor's Division of Lots 1, 2, 3, 4 and 5 of Block 58; thence south along the west line of said lot to the north line of West Calhoun Place; thence west along said north line, and along the westward extension thereof, to an intersection with the northwest extension of the east line of the south part of Block 57 in the Original Town of Chicago aforesaid; thence south along said extension and along said east line (being also the west line of North Dearborn Street) and along the southward extension of said east line to the southeast corner of said Block 57; thence southward, crossing West Madison Street and entering Section 16, to the northeast corner of Block 119 in School Section Addition aforesaid; thence south along the east line of said block (being also the west line of South Dearborn Street) to an intersection with the westward extension of the north line of Lot 20 in the subdivision of Block 142 in said School Section Addition; thence east along said extension, and along said north line, to the northeast corner of said lot; thence south along the east line of Lots 20 through 27 inclusive in said subdivision, and along the southward extension thereof, to an intersection with the north line of Block 141 in School Section Subdivision aforesaid; thence east along said north line (being also the south line of West Monroe Street) to the northwest corner of the

east half of Lot 3 in said Block 141; thence south along the west line of the east half of said lot to the north line of West Marble (Hydraulic) Place; thence west along said north line, and the westward extension thereof, to an intersection with the northward extension of the east line of Lot 20 in County Clerk's Division of Block 120 in School Section Addition; thence south along said extension, and along said east line (being also the west line of South Dearborn Street) and along the southward extension of said east line, to an intersection with the westward extension of the north line of Block 140 in School Section Addition; thence east along said extension, and along said north line (being also the south line of West Adams Street) to an intersection with the west line of the east 25 feet of Lot 5 in the subdivision of Blocks 83, 92 and 140 in School Section Addition; thence south along said west line to an intersection with the westward extension of the south line of the alley in the subdivision of Lots 3 and 4 in said Block 140; thence east along said extension and along said south line to an angle point; thence southeastwardly along a southwesterly line of said alley to an angle point; thence south along a west line of said alley and along the southward extension thereof, to an intersection with the north line of Lot 13 in the aforementioned subdivision of Blocks 83, 92 and 140; thence east along said north line (being also the south line of West Quincy Street) to the northeast corner of said Lot 13; thence south along the east line of said lot to the south line of Block 140; thence west along said south line (being also the north line of West Jackson Boulevard) and along the westward extension thereof, to an intersection with the northward extension of the east line of Lots 1, 4, 8, 11, 14, 17, 20 and 23 in Wright's Subdivision of Block 122 in School Section Addition; thence south along said extension, and along said east line (being also the west line of South Federal Street) to the southeast corner of said Lot 23; thence west along the south line of said Lot 23 and the westward extension thereof, and also along the south line of Lot 22 in Wright's Subdivision (being also the north line of West Van Buren Street) to the southwest corner of said Lot 22; thence west, crossing South Clark Street, to the southeast corner of Lot 22 in the subdivision of Block 115 of School Section Addition aforesaid; thence west along the south line of said Lot 22 and Lot 23 (being also the north line of West Van Buren Street) to the southwest corner of said Lot 23; thence west, crossing South LaSalle Street, to the southeast corner of that part of said street vacated by ordinance passed February 29, 1980, and recorded August 12, 1980, as Document Number 25545766; thence south along the southward extension of the east line of said vacation to an intersection with the north line of Lot 3 in the subdivision of Block 114 of School Section Addition; thence east along said north line (being also the south line of West Van Buren Street) to the northeast corner of said lot; thence south along the east line of Lots 3, 4, 9, 10, 15, 16, 21 and 22 (being also the west line of South LaSalle Street) to

the southeast corner of said Lot 22; thence south, crossing West Congress Parkway as said expressway is defined by the general ordinance passed October 31, 1940, to the intersection of the east line of Lot 6 in T. G. Wright's Subdivision of Block 113 in School Section Addition with the south line of said West Congress Parkway; thence east along said south line to an intersection with the east line of Lot 9 (said east line being also the west line of South Plymouth Court) in C. L. and I. Harmon's Subdivision of Block 137 in School Section Addition; thence north, crossing West Congress Parkway, to the intersection of the east line of Lot 24 in T. G. Wright's Subdivision of Block 138 in School Section Addition with the north line of said expressway; thence east along the north line of said West Congress Parkway, and along the north line of East Congress Parkway, entering into Section 15 aforesaid, to an intersection with the west line of Sublot 2 of Lot 10 in Canal Trustee's Subdivision of Block 10 of Fractional Section 15 Addition to Chicago; thence south along said west line to said north line of East Congress Parkway; thence east along said north line to the east line of South Michigan Avenue as widened; thence north along said widened line, entering Section 10 aforesaid, to an intersection with the north line of Block 6 in Fort Dearborn Addition aforesaid; thence east along said north line (being also the south line of East South Water Street) to an intersection with the southward extension of the east line of Lot 6 in Dyer's Subdivision of Lots 6, 7, 8, 9, 10 and 11 in Block 5 of Fort Dearborn Addition to Chicago; thence north along said extension, and along said east line, to the northeast corner of said lot; thence north, crossing a 20 foot wide alley, to a point on the south line of Lot 11 in Dyer's Subdivision which is 124.00 feet east of the southwest corner of said lot; thence north along a line 124.00 feet east from, and parallel with, the west line of aforementioned Block 5, to an intersection with the south line of Lot 5 in said block; thence north to a point on the north line of Lot 1 in said block which is 121.18 feet east from the northwest corner of said lot; thence continuing north along a northward extension of the last described line to an intersection with the northerly line of East Wacker Drive (River Street) as widened; thence westwardly, southwestwardly, north and southwestwardly along said northerly line, and along the southerly dock line of the Chicago River to an intersection with the northward extension of the west line of Block 8 of Fort Dearborn Addition aforesaid; thence south along said extension to the point of beginning; excepting from the above described tract Lots 19 through 25, inclusive, in Block 10 in Fort Dearborn Addition to Chicago; in the City of Chicago, Cook County, Illinois.

*III.**Eligibility Conditions.*

Based upon surveys, inspections and analyses of the area, the Added Project Area qualifies as a "conservation area" within the requirements of the Act. Fifty percent (50%) or more of the buildings in the Added Project Area have an age of thirty-five (35) years or more, and the area is characterized by the presence of a combination of three (3) or more of the conservation factors listed in the Act, rendering the area detrimental to the public safety, health and welfare of the citizens of the City. The Added Project Area is not yet a blighted area but it may become a blighted area. Specifically,

- Of the two hundred thirteen (213) buildings in the Added Project Area, one hundred ninety-two (192) (ninety and one-tenth percent (90.1%)) are thirty-five (35) years of age or older.
- Of the fourteen (14) factors for conservation area set forth in the Act seven (7) are found to be present in the Added Project Area. Six (6) factors are present to a major extent and one (1) factor is present to a minor extent.
- These factors are reasonably distributed throughout the entire Added Project Area.
- The entire Added Project Area is impacted by and shows the presence of these factors.
- The Added Project Area includes only real property and improvements substantially benefited by the Redevelopment Program and potential Redevelopment Projects.

A detailed report concerning the definition, application and extent of the conservation factors in the Added Project Area is contained in a report prepared by T.P.A.P. entitled "Central Loop Added Project Area Tax Increment Redevelopment Project Area Eligibility Study", which is attached as (Sub)Exhibit II to this Central Loop Redevelopment Plan.

The conservation factors found to be present in the Added Project Area are based upon surveys and analyses conducted by T.P.A.P. and Andrew Heard & Associates. The surveys and analyses conducted for the Added Project Area include:

1. exterior survey of the condition and use of each building;
2. interior building surveys of seventy (70) buildings;

3. examination of commercially prepared guides to the Chicago real estate market;
4. examination of assessment year 1994 Cook County Board of Appeal files;
5. analysis of building permits issued for the Added Project Area from 1991 through 1995;
6. analysis of existing uses and their relationships;
7. site conditions survey of streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls and general property maintenance;
8. comparison of current land-use to the current zoning ordinance and the current zoning map;
9. comparison of interior and exterior building conditions of property maintenance codes of the City;
10. comparison of the Added Project Area's existing platting, building sizes and land-use layout with present-day platting, building and land-use layout standards;
11. analysis of building floor area and site coverage; and
12. review of previously prepared plans, studies and data.

IV.

Goals And Objectives.

Properly guided investment in new public and private improvements and facilities is essential for the successful redevelopment of the Added Project Area and the elimination of conditions that have impeded the redevelopment of the Added Project Area. Redevelopment of the Added Project Area will benefit the City through improvements in the physical environment, an increased tax base, additional employment opportunities and an increase in the residential population of the Added Project Area.

The Act encourages public and private sectors to work together to address and solve the problems associated with urban growth and development. The joint effort between the City and the private sector to redevelop the Added Project Area will receive significant support from the financing methods made available by the Act.

This section identifies the goals and objectives adopted by the City for the Added Project Area. Section V identifies redevelopment objectives and redevelopment activities the City plans to undertake to achieve the redevelopment goals and objectives contained in this Part A.

A. General Goals.

Listed below are the general goals of this Part A. These goals provide the overall framework for guiding decisions during the implementation phases.

1. An improved quality of life in the Added Project Area, the Loop and the City by eliminating the influences and manifestations of physical and economic deterioration and obsolescence within the Added Project Area.
2. An environment within the Added Project Area which will contribute more positively to the health, safety and general welfare of the City, and preserve or enhance the value of properties adjacent to the Added Project Area.
3. An increased real estate and sales tax base for the City and other taxing districts having jurisdiction over the Added Project Area.

B. Development And Design Objectives.

Listed below are development and design objectives of this Part A which will assist the City in directing and coordinating public improvements and activities with private investment in order to achieve the goals and objectives stated in this Part A.

1. Expand and improve cultural, educational and entertainment opportunities in the Added Project Area.
2. Encourage developments which increase pedestrian traffic throughout the day and evening.
3. Reinforce and increase the appeal of the Added Project Area to tourists and other visitors as well as residents of the City.
4. Expand the residential population of the Added Project Area and encourage housing that accommodates a diverse economic mix of residents.

5. Provide new development that compliments other new and recently renovated existing development in terms of size, scale, intensity and appearance, and is integrated both functionally and aesthetically with the surrounding neighborhood.
6. Reinforce the architectural and historical characteristics of the Added Project Area.
7. Strengthen the lakefront cultural/convention corridor by improving transit and pedestrian connections and by retaining and expanding corridor institutions and facilities.
8. Concentrate the development of new, large retail centers along and as extensions to the existing State Street, Wabash Avenue or North Michigan Avenue retail districts.
9. Protect the most significant buildings and districts through landmark designation and, as appropriate, restoration, rehabilitation, renovation and adaptive reuse.
10. Reinforce the distinctive identity of areas by encouraging well-designed "in-fill" development.
11. Protect existing view corridors, while creating new view corridors in developing areas.
12. Ensure that all open space is usable and accessible.
13. Manage the existing street system so that inappropriate uses are eliminated.
14. Ensure that all streets allow efficient pedestrian movement.
15. Build and improve critical connections in the underground pedway system. Discourage above-street skywalks.
16. Preserve existing alleys and build new ones.
17. Encourage coordinated development of parcels and structures to achieve efficient building design, internal pedestrian connections and unified off-street parking, trucking and service facilities.
18. Encourage a continuous, attractive and interesting street-level pedestrian environment by discouraging such things as blank walls, vacant lots and arcaded sidewalks.

V.

Redevelopment Project.

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of Part A. The Redevelopment Project contained in this Part A and pursuant to the Act includes redevelopment objectives, a description of redevelopment improvements and activities, a general land-use plan, estimated redevelopment project costs, a description of sources of funds to pay estimated redevelopment project costs, a description of obligations that may be issued, identification of the most recent E.A.V. of properties in the Added Project Area, and an estimate of future E.A.V..

A. Redevelopment Objectives.

Listed below are objectives which guide planning decisions to achieve the goals and objectives contained in this Part A.

1. Reduce or eliminate those conditions which qualify the Added Project Area as a conservation area. Section III, Eligibility Conditions, describes these conditions.
2. Encourage a high-quality appearance of buildings, rights-of-way, and open spaces and encourage high standards of design.
3. Strengthen the economic well-being of the Added Project Area and the City by increasing taxable values.
4. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Part A and contemporary development needs and standards.
5. Create an environment which stimulates private investment in appropriate new construction and rehabilitation.
6. Provide needed improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities.
7. Provide needed incentives to encourage a broad range of improvements in preservation, rehabilitation and new development.
8. Provide opportunities for women and minority businesses to share in the redevelopment of the Added Project Area.

B. Redevelopment Improvements And Activities.

The City proposes to achieve its redevelopment goals and objectives for the Added Project Area through public financing techniques including, but not limited to, tax increment financing, and by utilizing such financing techniques to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City maintains the flexibility to undertake additional activities and improvements authorized under the Act as the needs for activities and improvements change as redevelopment occurs in the Added Project Area.

The City may enter into redevelopment agreements with public or private entities for the furtherance of this Part A. Such redevelopment agreements may be for the assemblage of land, construction of improvements or facilities, the provision of services or any other lawful purpose. Redevelopment agreements may contain terms and provisions which are more specific than the general principles set forth in this Part A.

1. Property Acquisition, Site Preparation, Demolition And Relocation.

Property acquisition and land assembly by the private sector in accordance with this Part A will be encouraged by the City. Additionally, the City may encourage the preservation of buildings that are basically sound and are located so as not to impede the overall redevelopment of the Added Project Area. To meet the goals, policies or objectives of this Part A, the City may acquire and assemble property throughout the Added Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties.

As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and redevelopment.

The City may demolish improvements, remove and grade soils and prepare sites with soils and materials suitable for new construction. Clearance and demolition will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized. Additionally, the City

contemplates the protection/relocation of existing utilities and freight tunnels.

The City may (a) acquire any historic structure (whether a designated City or State landmark or on, or eligible for, nomination to the National Register of Historic Places); (b) demolish any non-historic feature of such landmark; and (c) incorporate any historic structure or historic feature into a development on the subject property or adjoining property.

2. Relocation.

Active businesses and other occupants that are displaced by the public acquisition of property may be relocated and may be provided with financial assistance and advisory services. Relocation services in conjunction with property acquisition will be provided in accordance with City policy.

3. Provision Of Public Works Or Improvements.

The City may provide public improvements and facilities that are necessary to service the Added Project Area in accordance with this Part A and the comprehensive plan for development of the City as a whole. Public improvements and facilities may include, but are not limited to, the following:

- a) Roadways, Utilities and Related Improvements. A range of individual roadway, utility and related improvement projects, from repair and resurfacing to major reconstruction, may be undertaken.
- b) Streetscape and Related Improvements. Landscape/buffer improvements, street lighting and general beautification improvements may be provided.
- c) Pedestrian Walkway Improvements. The existing underground pedestrian walkway may be improved or expanded and new developments may be linked to the underground pedestrian walkway.
- d) Parks and Open Space Improvements. Improvements to existing or future parks, open spaces and public and private plazas may be provided.

- e) **Transit Improvements.** Public transit stations, such as subway stations and C.T.A. "elevated" stations in the Added Project Area may be expanded, improved or consolidated.

4. **Building Rehabilitation.**

The City will encourage the rehabilitation of buildings that are basically sound or historically significant.

5. **Job Training And Related Educational Programs.**

Separate or combined programs designed to increase the skills of the labor force to take advantage of the employment opportunities within the Added Project Area may be implemented.

6. **Interest Subsidies.**

Funds may be provided to redevelopers for a portion of interest costs incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:

(a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;

(b) such payments in any one (1) year may not exceed thirty percent (30%) of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;

(c) if there are not sufficient funds available in the special tax allocation fund to make the payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and

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

7. Analysis, Administration, Studies, Surveys, Legal, Et Cetera.

The City may undertake or engage professional consultants, engineers, architects, attorneys, et cetera to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Part A.

C. General Land-Use.

Figure 2, Land-Use Plan, identifies the land-use to be in effect upon adoption of the Central Loop Redevelopment Plan.

Redevelopment, to the extent possible, will occur on the existing pattern of the grid framework. Certain familiar and desirable patterns of use will be retained: the retail corridor along State Street and the office, cultural and institutional uses along Michigan Avenue, for example. New patterns of uses can be established: hotel and residential uses along Wacker Drive and Michigan Avenue; entertainment and cultural facilities between Lake and Randolph Streets and in the vicinity of the Auditorium Theater and Orchestra Hall; educational facilities in the southeastern portion of the Added Project Area; and service/retail uses opening off pedestrian circulation facilities at various levels throughout the area.

The following land-use provisions are established for the Added Project Area. Permitted uses will be those allowed in the Central Business District general classification in the Chicago Zoning Ordinance.

-- Retail Uses.

Retail uses will be developed with a strong relationship to pedestrian circulation facilities in the Added Project Area.

-- Office Uses.

Office uses are permitted throughout the Added Project Area.

-- Hotel Uses.

Hotel uses are permitted throughout the Added Project Area and are encouraged on the blocks with frontage on Wacker Drive, State Street and Michigan Avenue.

-- Institutional Uses.

Institutional uses are permitted anywhere in the Added Project Area.

-- Cultural And Entertainment Uses.

Cultural and entertainment uses are permitted throughout the Added Project Area but should be encouraged in proximity to the Chicago Theater, the Oriental Theater and the Selwyn/Harris Theaters and along Michigan Avenue in proximity to the Art Institute, Orchestra Hall and Auditorium Theater. Related retail uses, such as restaurants and pubs, should be located among and in proximity to cultural and entertainment destinations.

-- Residential Uses.

Residential uses above the first floor are permitted anywhere in the Added Project Area.

D. Redevelopment Project Costs.

Reviewed below are the various redevelopment expenditures which are eligible for payment or reimbursement under the Act. Following this review is a list of estimated redevelopment project costs which are deemed to be necessary to implement this Part A (the "Redevelopment Project Costs").

1. Eligible Redevelopment Project Costs.

Redevelopment project costs include the sum total of all reasonable or necessary costs incurred, estimated to be incurred, or incidental to this Part A pursuant to the Act. Such costs may include, without limitation, the following:

- a) costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan, including but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided that no charges for professional services are based on a percentage of the tax increment collected;
- b) property assembly costs, including but not limited to, acquisition of land and other property, real or

- personal, or rights or interest therein, demolition of buildings, and the clearing and grading of land;
- c) costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures;
 - d) costs of the construction of public works or improvements;
 - e) costs of job training and retraining projects;
 - f) financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding thirty-six (36) months following completion and including reasonable reserves related thereto;
 - g) all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project to the extent the municipality by written agreement accepts and approves such costs;
 - h) relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
 - i) payment in lieu of taxes as defined in the Act;
 - j) costs of job training, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs, (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or

taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code;

- k) interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
1. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
 2. such payments in any one (1) year may not exceed thirty percent (30%) of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
 4. the total of such interest payments incurred pursuant to this Act may not exceed thirty percent (30%) of the total: (i) costs paid or incurred by the redeveloper for such redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act;
- l) unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost. If a special service area has been established pursuant to

the Special Service Area Tax Act (35 ILCS 235/0.01, et seq.) then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

2. Estimated Redevelopment Project Costs.

A range of redevelopment activities and improvements will be required to implement this Part A. The activities and improvements and their estimated costs (1996 dollars) are set forth in Part C of this Central Loop Redevelopment Plan.

Redevelopment Project Costs described in Part C of this Central Loop Redevelopment Plan are intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Central Loop Redevelopment Plan.

E. Sources Of Funds To Pay Redevelopment Project Costs.

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from Incremental Property Taxes. Other sources of funds which may be used to pay for Redevelopment Project Costs or secure municipal obligations are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the municipality may deem appropriate. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the City may utilize revenues, other than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received.

The Central Loop Redevelopment Project Area is contiguous to the Near South Tax Increment Financing Redevelopment Project Area, and the Central Loop Redevelopment Project Area may, in the future, be contiguous to other redevelopment project areas. The City may utilize net incremental property taxes received from the Central Loop Redevelopment Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas, and vice versa. The amount of revenue from the Central Loop Redevelopment Project Area made available to support such contiguous redevelopment project areas, when

added to all amounts used to pay eligible Redevelopment Project Costs within the Central Loop Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in Part C of this Central Loop Redevelopment Plan.

F. Issuance Of Obligations.

The City may issue obligations secured by Incremental Property Taxes pursuant to Section 11-74.4-7 of the Act. To enhance the security of a municipal obligation the City may pledge its full faith and credit through the issuance of general obligation bonds. Additionally, the City may provide other legally permissible credit enhancements to any obligations issued pursuant to the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Original Project Area and the Original Redevelopment Plan, such ultimate retirement date occurring in March 2007. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Central Loop Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.

In addition to paying Redevelopment Project Costs, Incremental Property Taxes may be used for the scheduled retirement of obligations, mandatory or optional redemptions, establishment of debt service reserves and bond sinking funds. To the extent that Incremental Property Taxes are not needed for these purposes, any excess Incremental Property Taxes shall then become available for distribution annually to taxing districts having jurisdiction over the Added Project Area in the manner provided by the Act.

G. Valuation Of The Added Project Area.

1. Most Recent E.A.V. Of Properties In The Added Project Area.

The most recent E.A.V. of all taxable parcels in the Added Project Area is estimated to be Nine Hundred Three Million Eight Hundred Twenty-seven Thousand Five Hundred Twenty-three Dollars (\$903,827,523). This E.A.V. is based on 1995 E.A.V. and is subject to verification by the County Clerk. After verification, the final figure shall be certified by the County Clerk. This certified amount shall become the Certified Initial E.A.V. from which all Incremental Property Taxes in the Added Project Area will be calculated by the County. The 1995 E.A.V. of the Added Project Area is summarized by tax block in Table 1, 1995 E.A.V. by Tax Block: Added Project Area.

2. Anticipated Equalized Assessed Valuation.

By the tax year 2006 (collection year 2007) and following the completion of all potential Redevelopment Projects, the E.A.V. of the Added Project Area is estimated to total between One Billion Eighty-eight Million Five Hundred Eighty-five Thousand Dollars (\$1,088,585,000) and One Billion One Hundred Twenty-three Million Seven Hundred Ninety-five Thousand Dollars (\$1,123,795,000). Both estimates are based on several key assumptions, including: 1) redevelopment of the Added Project Area will occur in a timely manner; 2) the 1995 E.A.V. of the Added Project Area will inflate at the rate of two percent (2%) per annum; and 3) the five (5) year average state equalization factor of 2.1041 (tax years 1991 through 1995) is used in all years to calculate estimated E.A.V..

Table 1.

1995 E.A.V. By Tax Block

Central Loop Added Project Area

Chicago, Illinois.

Tax Block	1995 Equalized Assessed Valuation
17-09-415	--
17-09-416	\$ 2,585,432
17-09-418	44,402,758
17-09-429	2,984,174
17-09-430	6,138,513
17-09-431	8,411,846
17-09-433	5,986,110
17-09-443	7,962,471

Tax Block	1995 Equalized Assessed Valuation
17-09-445	\$ 8,709,613
17-09-463	4,699,776
17-09-464	23,537,469
17-10-300	31,783,740
17-10-301	19,019,971
17-10-302	24,089,866
17-10-303	25,813,079
17-10-305	4,497,908
17-10-306	22,489,956
17-10-309	21,470,005
17-10-310	--
17-10-311	60,615,335
17-10-312	39,703,511
17-10-314	--
17-10-315	--
17-15-100	27,877,038
17-15-101	32,487,362
17-15-102	63,304,191
17-15-103	107,410,214
17-15-104	29,278,732

Tax Block	1995 Equalized Assessed Valuation
17-15-105	\$ 40,114,410
17-15-106	8,869,552
17-15-107	119,425,370
17-15-108	22,595,839
17-15-109	7,075,160
17-16-206	16,005,286
17-16-213	9,526,343
17-16-224	7,082,803
17-16-225	5,213,706
17-16-233	10,792,723
17-16-234	7,572,526
17-16-235	7,166,020
17-16-243	8,823,588
17-16-244	752,189
17-16-245	2,166,438
17-16-246	5,386,503
17-16-247	--
	<hr/>
TOTAL:	\$903,827,523*

* This figure is subject to verification by the County Clerk of Cook County, Illinois. After verification, the figure shall be certified by the County Clerk.

VI.

*Lack Of Growth And Development Through
Investment By Private Enterprise.*

As described in Section III of this Part A, the Added Project Area as a whole is adversely impacted by the presence of numerous conservation area factors, and these factors are reasonably distributed throughout the Added Project Area. Conservation factors within the Added Project Area are widespread and represent major impediments to sound growth and development.

The lack of private investment in and the decline of the Added Project Area are evidenced by the following:

Physical Condition Of The Added Project Area.

- Improved areas are characterized by dilapidation, obsolescence, deterioration, structures below minimum code specifications, excessive vacancies, and an overall depreciation of the physical maintenance.
- Development sites have remained vacant for more than ten (10) years.
- At least five (5) department stores have closed since the early 1980s including Sears, Goldblatts, Rothchilds, Wiebolts and Montgomery Wards.
- Office vacancy rates exceed the overall downtown rate by seven percent (7%).
- There has been negative office space absorption in the Added Project Area in every year since 1988, while absorption for the downtown as a whole has been positive in every year since 1993.
- There exist at least seventy-five (75) smaller retail, service commercial and office buildings which contain vacant floor space in excess of twenty percent (20%).

Lack Of New Construction By Private Enterprise.

- Within the last ten (10) years only three (3) buildings have been built in the Added Project Area. The three (3) buildings are (i) the Harold Washington Public Library (a public building), (ii) the Chicago Bar Association building and (iii) a cooling plant

owned by a corporate affiliate of Commonwealth Edison that provides chilled water for office buildings to use in their air conditioning systems.

Lack Of Renovation/Rehabilitation By Private Enterprise.

- Of the one hundred ninety-nine (199) non-public buildings in the Added Project Area, seventy-five (75) (thirty seven and seven tenths percent (37.7%)) had no apparent building permit activity for renovation, rehabilitation or tenant improvements during the five (5) year period 1991 through 1995.
- Twenty-eight (28) of the remaining one hundred twenty-four (124) non-public buildings in the Added Project Area had renovation/rehabilitation/tenant improvements building permit costs totaling Twenty Thousand Dollars (\$20,000) or less during the five (5) year period 1991 through 1995 (which, when added to the seventy-five (75) non-public buildings with no apparent building permit activity, corresponds to fifty-one and eight tenths percent (51.8%) of the one hundred ninety-nine (199) non-public buildings in the Added Project Area).
- Thirty-two (32) of the remaining ninety-six (96) non-public buildings in the Added Project Area had rehabilitation/renovation/tenant improvement/building permit costs totaling One Hundred Thousand Dollars (\$100,000) or less during the five (5) year period 1991 through 1995 (which, when added to the seventy-five (75) non-public buildings with no apparent building permit activity and the twenty-eight (28) non-public buildings with Twenty Thousand Dollars (\$20,000) or less in building permit activity, corresponds to sixty-seven and eight-tenths percent (67.8%) of the one hundred ninety-nine (199) non-public buildings in the Added Project Area).
- Of the sixty-four (64) remaining non-public buildings in the Added Project Area, forty-five (45) (seventy and three-tenths percent (70.3%)) had building permit costs totaling less than Five and no/100 Dollars (\$5.00) in aggregate per square foot during the five (5) year period 1991 through 1995.
- Discussions with representatives of the City building department indicate that the vast majority of building permit activity occurring in the Added Project Area since 1991 involves tenant improvements and buildout, and not significant building rehabilitation.

Declining Property Tax Revenues.

- Between 1991 and 1995, the E.A.V. of the Added Project Area decreased by four and six-tenths percent (4.6%), or approximately Forty-three Million Three Hundred Seventy Thousand Dollars (\$43,370,000). Over this same period, the E.A.V. of the Loop increased by two and two-tenths percent (2.2%) and the E.A.V. of the City increased by ten and nine-tenths percent (10.9%).
- The decline in E.A.V. adversely impacted the property tax revenues generated within the Added Project Area. In spite of a higher overall tax rate and an increased State equalization factor for Cook County in 1995 as compared to 1991, total property tax revenues generated within the Added Project Area were approximately Three Million Seven Hundred Thousand Dollars (\$3,700,000) less in 1995 than in 1991.

Buildings With Rent Levels Below Those Of The Overall Downtown.

- In the Added Project Area, the average gross rent for Class C office buildings listed in one or more Chicago commercial office guides is Fifteen and 16/100 Dollars (\$15.16) per square foot. BOMA's 1996 Rent Barometer indicates that the average gross rents per square foot of the downtown as a whole and of Class C buildings in the downtown are Nineteen and 95/100 Dollars (\$19.95) and Seventeen and 38/100 Dollars (\$17.38), respectively.

As evidenced above and throughout this Part A, the Added Project Area is not yet a blighted area, but is deteriorating and declining and may become a blighted area. In addition, the Added Project Area on the whole has not been subject to growth and development through investment by private enterprise. Finally, the Added Project Area would not reasonably be anticipated to be developed without the adoption of this redevelopment plan for the Added Project Area.

VII.

Financial Impact.

Without the adoption of the Central Loop Redevelopment Plan and T.I.F., the Added Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment

initiatives there is a prospect that conservation factors will continue to exist and spread, and the Added Project Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. In the absence of City-sponsored redevelopment initiatives, erosion of the assessed valuation of property in and outside of the Added Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

Section V of this Part A describes the comprehensive Redevelopment Project proposed to be undertaken by the City to create an environment in which private investment can occur. The Redevelopment Project will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment improvements and activities as well as Redevelopment Projects set forth in this Part A. Successful implementation of this Part A is expected to result in new private investment in rehabilitation of buildings and new construction on a scale sufficient to eliminate problem conditions and to return the area to a long-term sound condition.

The Redevelopment Project is expected to have both short- and long-term positive financial impacts on the taxing districts affected by this Part A. In the short-term, the City's strategic use of T.I.F. can be expected to stabilize existing assessed values in the Added Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from an enhanced tax base which results from the increase in E.A.V. caused by the Redevelopment Projects.

VIII.

Demand On Taxing District Services.

The following major taxing districts presently levy-taxes against properties located within the Added Project Area:

Cook County. The County has principal responsibility for the protection of persons and property, the provision of public health services and the maintenance of County highways.

Cook County Forest Preserve District. The Forest Preserve District is responsible for acquisition, restoration and management of lands for the purpose of protecting and preserving open space in the City and County for the education, pleasure and recreation of the public.

Metropolitan Water Reclamation District of Greater Chicago. The district provides the main trunk lines for the collection of waste water from cities, villages and towns, and for the treatment and disposal thereof.

Chicago Community College District 508. The district is a unit of the State of Illinois system of public community colleges whose objective is to meet the educational needs of residents of the City and other students seeking higher education programs and services.

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operation of educational facilities and the provision of educational services for kindergarten through twelfth (12th) grade.

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs.

Chicago School Finance Authority. The Authority was created in 1980 to exercise oversight and control over the financial affairs of the Board of Education.

City of Chicago. The City is responsible for the provision of the full range of municipal services typically associated with large, mature cities, including the following: police and fire protection; capital improvements and maintenance; water production and distribution; sanitation service; building, housing and zoning codes, et cetera.

In addition to the major taxing districts summarized above, the City of Chicago Library Fund, the Chicago Urban Transportation District, Special Service Area 1 (State Street Mall) and Special Service Area 12 (Central Area Circulator) have taxing jurisdiction over part or all of the Added Project Area. The City of Chicago Library Fund (formerly a separate taxing district from the City) and the Chicago Urban Transportation District no longer extend taxing levies but continue to exist for the purpose of receiving delinquent taxes.

Non-residential development, such as retail, commercial service, office, hotel, public and institutional uses, should not cause increased demand for services or capital improvements on any of the taxing districts named above except for the Water Reclamation District. Replacement of vacant and underutilized buildings and sites with active and more intensive uses will result in additional demands on services and facilities provided by the Water Reclamation District. However, it is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Added Project Area can be adequately handled by existing treatment facilities maintained and operated by the Water Reclamation District.

Residential development may cause increased demand for services or capital improvements to be provided by the Board of Education, Community College District 508, Chicago Park District and City. It is anticipated that the type and amount of new residential development would primarily appeal to young professionals, professionals without children and empty-nesters, thereby not creating a large increased demand for services and capital improvements provided by the Board of Education. New private investment in residential and non-residential development, and public investment in infrastructure improvements may increase the demand for public services or capital improvements provided by the City and the Chicago Park District within and adjacent to the Added Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. There may also be an increased use of streets throughout the Added Project Area; this concern is addressed in this Part A. However, it is not possible at this time to predict, with any degree of reliability, (i) the number or timing of new or rehabilitated residential buildings that may be added within the Added Project Area, or (ii) the increased level of demand for services or capital improvements to be provided by any taxing district as a result therefrom.

Because the scale and mix of development in the Added Project Area cannot be predicted with certainty as of the date of this Part A, the scope of the financial impact on taxing districts and increase in demand for services provided by those districts cannot be quantified at this time, as a result, the City has not developed, at present, a specific plan to address such impact or increased demand.

However, as described more fully in Section V.B.2, Redevelopment Improvements and Activities -- Provision of Public Works or Improvements, of this Part A, the City plans to provide public improvements and facilities to service the Added Project Area. Such improvements may mitigate some of the additional service and capital improvement demands placed on taxing districts as a result of the implementation of this Part A.

IX.

*Conformity Of The Redevelopment Plan For The Added Project Area
To Land-Uses Approved By The Planning Commission
Of The City.*

This Part A and the Redevelopment Project described herein include land-uses which will be approved by the Chicago Plan Commission prior to the adoption of the Central Loop Redevelopment Plan.

X.

Phasing And Scheduling.

A phased implementation strategy will be utilized to achieve comprehensive and coordinated redevelopment of the Added Project Area.

It is anticipated that City expenditures for Redevelopment Project Costs will be carefully staged on a reasonable and proportional basis to coincide with Redevelopment Project expenditures by private developers and the receipt of Incremental Property Taxes by the City

As indicated in the Original Redevelopment Plan, the estimated date for completion of Redevelopment Projects is no later than March 1, 2007.

XI.

Provisions For Amending This Part A.

This Part A may be amended pursuant to the Act.

XII.

Affirmative Action Plan.

The City is committed to and will affirmatively implement the following principles with respect to this Part A:

A) The assurance of equal opportunity in all personnel and employment actions, including, but not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, et cetera, without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.

B) This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for all job openings and promotional opportunities.

In order to implement these principles, the City shall require and promote equal employment practices and affirmative action on the part of itself and

its contractors and vendors. In particular, parties engaged by the City shall be required to agree to the principles set forth in this section.

Part B.

Amendments To Original Redevelopment Plan.

The following amendments are hereby made to the Original Redevelopment Plan; provided, however, that no such amendment shall be applicable to or affect the Designated Agreements (defined below) unless and until the applicable redeveloper or redevelopers (or any successor thereto) and the City, acting through the Commissioner of the Department of Planning and Development, mutually agree in writing to make such amendment effective as to such agreement. For purposes of this Part B, the term "Designated Agreements" shall mean the following Redevelopment Agreements, as amended from time to time: (a) that certain Redevelopment Agreement dated as of October 24, 1990, between the City and Chicago Theater Group, doing business as The Goodman Theater, (b) that certain Redevelopment Agreement dated as of October 24, 1990, among the City, 161 North Clark Street Limited Partnership and 181 North Clark Street Limited Partnership, (c) that certain Redevelopment Agreement dated as of October 22, 1987, between the City and FJV Venture, as amended by letter agreement dated December 28, 1989, and (d) that certain Redevelopment Agreement dated as of November 30, 1994, between the City and Commonwealth Edison Company.

Amendment Number 1: The following paragraph is hereby added at the end of Section III of the Original Redevelopment Plan entitled "Redevelopment Project Area Goals and Objectives":

"Effective upon the adoption of the Central Loop Tax Increment Financing Redevelopment Project and Plan, Section III of this Redevelopment Plan and Project is hereby deleted in its entirety and is replaced by Part A, Section IV of the Central Loop Tax Increment Financing Redevelopment Project and Plan, which Part A, Section IV, is hereby incorporated into this Section III by reference as if fully set forth herein, except that wherever the terms 'Added Project Area' and 'this Part A' appear, they shall be deemed to mean the 'Redevelopment Project Area' and 'this Redevelopment Plan and Project', respectively."

Amendment Number 2: The following paragraph is hereby added at the end of Section V of the Original Redevelopment Plan entitled "North Loop Redevelopment Project":

"Effective upon the adoption of the Central Loop Tax Increment Financing Redevelopment Project and Plan, Section V of this Redevelopment Plan and Project is hereby deleted in its entirety and is replaced by Part A, Section V of the Central Loop Tax Increment Financing Redevelopment Project and Plan, which Part A, Section V is hereby incorporated into this Section V by reference as if fully set forth herein, except that (i) wherever the terms 'Added Project Area' and 'this Part A' appear, they shall be deemed to mean the 'Redevelopment Project Area' and 'this Redevelopment Plan and Project', respectively, and (ii) the second paragraph of Subsection E of Section V shall be omitted from such incorporation by reference; provided, however, that the subsections of Section V of this Redevelopment Plan and Project entitled 'Issuance of Obligations', 'Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area' and 'Table 2 -- Block Summary of 1982 Equalized Assessed Values and Property Tax Revenues' shall remain in full force and effect."

Amendment Number 3: The following paragraph is hereby added at the end of Section VI of the Original Redevelopment Plan entitled "Phasing and Scheduling of Redevelopment Project":

"Effective upon the adoption of the Central Loop Tax Increment Financing Redevelopment Project and Plan, Section VI of this Redevelopment Plan and Project is hereby deleted in its entirety and is replaced by Part A, Section X of the Central Loop Tax Increment Financing Redevelopment Project and Plan, which Part A, Section X is hereby incorporated into this Section VI as if fully set forth herein, except that wherever the term 'Added Project Area' appears, it shall be deemed to mean 'Redevelopment Project Area'."

*Part C.**Estimated Redevelopment Project Costs.*

Table 2.

Estimated Redevelopment Project Costs
 Central Loop Redevelopment Project Area
 Chicago, Illinois.

Program Action/Improvement (in \$1,000s)	[1] Original Project Costs	[2] Additional Project Costs	Total Project Costs
Acquisition, Demolition, Site Preparation and Relocation	\$171,000	\$30,000	\$201,000
Rehabilitation of Theatres	14,500	60,000	74,500
Rehabilitation of Landmarks	NA	20,000	20,000
Other Rehabilitation/Conversion/ Reconstruction	NA	60,000	60,000
Job Training	NA	3,000	3,000
Bus Station Relocation	17,500	NA	17,500
Service Tunnel	3,000	NA	3,000
Utility Adjustments	3,000	NA	3,000
Surface Right-of-Way Improvements	2,000	NA	2,000
Riverfront Improvements and Pedestrian Walkways	2,000	NA	2,000

[1] The costs set forth in this column are the Estimated Project Costs set forth in the Original Redevelopment Plan.

[2] The costs set forth in this column are costs estimated to be incurred in the Original Project Area and the Added Project Area, in addition to those costs set forth in Column [1].

Program Action/Improvement (in \$1,000s)	{1} Original Project Costs	{2} Additional Project Costs	Total Project Costs
Public Improvements/Public Works/ Capital Costs	NA	\$52,000	\$52,000
Transit Improvements	\$ 6,500	49,000	55,500
Planning, Legal, Studies, Administrative	2,000	6,000	8,000
Financing (Net Capitalized Interest)	53,000	NA	53,000
Contingencies	8,500	--	--
Interest Subsidies	<u>--</u>	<u>20,000</u>	<u>20,000</u>
Gross Project Cost	\$283,000	\$300,000	\$583,000 {3}
Less: Disposition Proceeds	<u>57,000</u>	<u>--</u>	<u>57,000</u>
Net Project Cost	<u>\$226,000</u>	<u>\$300,000</u>	<u>\$526,000</u> *

[1] The costs set forth in this column are the Estimated Project Costs set forth in the Original Redevelopment Plan.

[2] The costs set forth in this column are costs estimated to be incurred in the Original Project Area and the Added Project Area, in addition to those costs set forth in Column [1].

[3] Total Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes.

* The Total Project Cost is intended to provide an upper estimate of expenditures. Within this upper estimate, adjustments may be made in line items without amending this Central Loop Redevelopment Plan.

[Figures 1 and 2 referred to this Central Loop Redevelopment Project and Plan printed on pages 38341 through 38342 of this Journal.]

(Sub)Exhibits I and II referred to in this Central Loop Redevelopment Project and Plan read as follows:

(Sub)Exhibit I.
(To Central Loop Redevelopment Project And Plan)

Original Redevelopment Project And Plan.

*North Loop Tax Increment Redevelopment Area
Redevelopment Plan And Project.*

*City Of Chicago
Harold Washington.*

Mayor

January, 1984

Revised

April, 1984

And

September, 1987.

I.

Introduction.

The City of Chicago is recognized throughout the world as the urban center of America's heartland, serving as a focal point of commerce, industry, finance, culture and education. It is also known for its neighborhoods and its diversity of nationalities, races and religions, as well as its economic wealth and vitality.

One of the most well-known symbols of Chicago's historic prominence and prosperity is the "Loop", an area circumscribed on four (4) sides by an elevated commuter rail facility known simply in Chicago and elsewhere as the "el". The "Loop" is the heart of Chicago's Central Business District.

While much of the "Loop" area continues to thrive, the north central portion, known as the North Loop, has declined. Age, obsolescence, decay and other blighting factors now characterize this once important area. To date, private investment has not occurred to any major extent in any block in the North Loop except those in which the City has made a substantial investment of public funds. Development through investment by private enterprise cannot be anticipated to occur without the substantial investment of additional public funds in accordance with a City redevelopment plan.

The City has been provided with a vehicle enabling it to raise public funds to utilize in redevelopment efforts. This is the Real Property Tax Increment Allocation Redevelopment Act of the State of Illinois (hereinafter referred to as the "Act"). This Act became effective in 1977. It provides a means for municipalities, after the approval of a "Redevelopment Plan and Project", to redevelop blighted areas when these areas are then designated "Redevelopment Project Areas" by using new tax revenues generated by redevelopment for public redevelopment project costs. Since these costs are paid for by revenues derived from the increase in value of redeveloped properties, no additional tax burden is placed on any taxpayer other than the owners of redeveloped properties which have increased in fair market value. This method of raising funds is called tax increment financing.

After a blighted area is designated as a Redevelopment Project Area and tax increment financing is adopted, all taxing districts continue to receive the tax revenue they received prior to redevelopment from real property in the area. The new tax revenue generated by the application of a tax rates to the increase in assessed values due to redevelopment is described as tax increment revenue. As soon as more tax increment revenue is received than is necessary to pay for redevelopment project costs and principal and interest on obligations issued to pay for such costs, the excess revenue is distributed to taxing districts which have real property in the redevelopment project area. Thus, all taxing districts are the beneficiaries of the redevelopment.

The increase in the downtown tax base also helps to minimize the real property tax burden on the homeowners in the neighborhoods.

The City has initiated positive action to bring about the redevelopment of the North Loop. In 1979 the City Council authorized a North Loop redevelopment project. In 1981 the City issued Fifty-five Million Dollars (\$55,000,000) of general obligation bond anticipation notes to pay for redevelopment project costs prior to the final adoption of a redevelopment project area as defined in the Act. In 1982 the City issued Sixty-five Million Dollars (\$65,000,000) of general obligation bonds to pay the principal of and the final interest payment on the bond anticipation notes, and in order to finance such redevelopment project costs.

This North Loop Tax Increment Area Redevelopment Plan and Project (hereinafter referred to as the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. This Redevelopment Plan describes the activities which have previously taken place in the North Loop in anticipation of the adoption of a redevelopment plan. It is a guide to all proposed public and private actions in the North Loop.

In addition to describing the objectives of the North Loop redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. This program is the "Redevelopment Project".

This Redevelopment Plan also specifically describes a North Loop Tax Increment Redevelopment Project Area (hereinafter referred to as the "Redevelopment Project Area") within the North Loop which meets the eligibility requirements of the Act. The Redevelopment Project Area is to include five (5) full blocks and parts of four (4) other blocks. Its boundaries are described in Section II of this Redevelopment Plan and shown on the Boundary Map, (Sub)Exhibit 1. After its approval of the Redevelopment Plan and Project, the City Council then formally designates the Redevelopment Project Area.

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

1. on a coordinated rather than on a piecemeal basis to ensure that the land-use, pedestrianway access, circulation, parking, service and urban design systems will functionally come together, meeting modern-day principles and standards;
2. on a reasonable, comprehensive and integrated basis to ensure that blight and blighting factors are eliminated;
3. within a reasonable and defined time period so that the area may contribute productively to the economic vitality of the City.

Many of the existing office buildings within the Redevelopment Project Area have inefficient floor layouts, much deferred maintenance and high vacancy rates. There has been a general decline in quality of merchandising in the area and marginal space uses have increased. A large proportion of the land area is taken up by parking lots and garages. All of this has resulted in a reduction in the amount of real estate tax revenue and the number of jobs that should be expected in this downtown location.

The Redevelopment Project Area is not perceived as an attractive or safe area, particularly after office hours. State Street retail sales volumes and the quality of merchandise have fallen, and entertainment and cultural facilities and programming have severely deteriorated. Major improvements are mandatory to reverse these trends.

Notwithstanding the lack of growth in retail sales and activity along State Street and the current decline of entertainment activities, the North Loop retains a number of assets and advantages. State Street remains unique in its concentration of retail activities and facilities. It offers an extraordinary opportunity for public-private partnership in renewal, redevelopment and conservation.

In addition to North State Street, there are a number of other nearby commercial areas of significance which bear on the future of the North Loop: the extended office uses to the south along LaSalle Street, Clark Street and Dearborn Street; the newer development, including residential uses, to the north of the Redevelopment Project Area along the main branch of the Chicago River; and the Illinois Center development area to the east of Michigan Avenue and south of the Chicago River.

The City of Chicago has long recognized that revitalization of the North Loop is critical to the overall strength and long-term viability of the Central Business District. The North Loop has been studied as a potential renewal area for more than a decade. It was identified in 1973 in the *Chicago 21 Plan* as a part of the Central Business District in which major redevelopment could and should be initiated. In 1973 a North Loop Renewal Study Area was established. The North Loop Redevelopment Project was designated by both the Commercial District Development Commission and the Chicago City Council as a Blighted Commercial Area under Chapter 15.1 of the Municipal Code of Chicago in March, 1979; a redevelopment plan for the project was approved at the same time and amended in October, 1982. The *North Loop Guidelines for Conservation and Redevelopment* was published by the Commercial District Development Commission in March, 1981. The report established the basis for detailed parcel development plans in the project area, and included goals, objectives and guidelines for conservation, preservation, space use, circulation, densities and space allocation. Following public hearings, the Chicago Plan Commission adopted resolutions approving amendments to the *Guidelines* in May 1981. The City Council then considered and adopted an ordinance approving the *Guidelines* in October 1981. Again following public hearing, the City Council

considered and adopted an ordinance on October 27, 1982, approving further amendments to the *North Loop Guidelines*.

Redevelopment of the Redevelopment Project Area is one of the largest projects of its kind in the United States, and it presents challenges and opportunities commensurate with its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. None of the planning and renewal studies to date have been capable of stimulating this comprehensive and coordinated public and private effort. In addition, the Redevelopment Project Area as a whole has not been subject to growth and development by private enterprise. The adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for the redevelopment of the Redevelopment Project Area -- an area which is not anticipated to develop without the adoption of this Redevelopment Plan. By means of public investment, the area will become a stable environment that will again attract private investment. Public investment will set the stage for the rebuilding of the area with private capital.

Public and private investment is possible only if tax increment financing is used pursuant to the terms of the Act. The revenue generated by the development will play a decisive role in encouraging private development. Conditions of blight that have precluded intensive private investment in the past will be eliminated. Through this Redevelopment Plan, the City of Chicago will serve as the central force for marshalling the assets and energies of the private sector for a unified cooperative public-private redevelopment effort. Ultimately, implementation of this Redevelopment Plan will benefit the City, its neighborhoods and all the taxing districts which encompass the North Loop in the form of a significantly expanded tax base, employment opportunities and a wide range of other benefits.

II.

Redevelopment Project Area Legal Description.

Boundaries of the North Loop Tax Increment Redevelopment Project Area are shown on the Boundary Map, (Sub)Exhibit 1. The legal description of the Redevelopment Project Area is as follows:

A tract of land consisting of lots and blocks or parts thereof and streets and alleys of Blocks 16, 17, 35, 36, 37 and 58 in the Original Town of Chicago in the east part of the southeast quarter of Section 9, Township 39 North, Range 14 and part of Blocks 8 and 9 in the Fort Dearborn Addition to Chicago in the southwest fractional quarter of Section 10, Township 39 North, Range 14 East of the Third Principal Meridian, in

the City of Chicago, County of Cook, State of Illinois and bounded as follows:

beginning at the intersection of the south line of West Lake Street and the west line of North LaSalle Street; thence north along the west line of North LaSalle Street to the north line extended west of West Haddock Place; thence east along said line to the west line of North Clark Street; thence north along said west line to the northerly line of West Wacker Drive as said northerly line was established by ordinance passed by the City Council of the City of Chicago on December 15, 1919; thence east along said northerly line of West Wacker Drive to the east line of North State Street; thence south along said east line to the north line of West Haddock Place; thence east along said line to the east line of Lot 28 extended north of Block 8 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 28 as aforesaid to the north line of East Lake Street; thence east along said north line to the east line of Lot 10 extended north of Block 9 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 10 as aforesaid to the north line of East Benton Place; thence east along said north line to the east line of North Wabash Avenue; thence south along said line to the south line of East Randolph Street; thence west along said south line to the east line of North State Street; thence south along said east line to the south line extended east of Lot 1 of Assessor's Resubdivision of Lots 1 to 5 in Block 58 in Assessor's Division of the Original Town of Chicago as aforesaid; thence west along said extended line to the west line of said Lot 1; thence north along said line to the south line of West Washington Street; thence west along said south line to the west line of North Dearborn Street; thence north along said west line to the south line of West Randolph Street; thence west along said south line to the west line of North Clark Street; thence north along said west line to the south line of West Lake Street; thence west along said south line to the place of beginning.

III.

Redevelopment Project Area Goals And Objectives.

Since Chicago's beginning, citizen initiative and governmental involvement have combined to address the problems of urban growth and development. The North Loop has been studied as a potential renewal area for more than a decade. It was identified in 1973 in the "Chicago 21 Plan" as a part of the Central Business District in which major redevelopment could and should be initiated. In 1973 a North Loop Renewal Study Area was established, and in 1979 the City Council approved both the designation of

the redevelopment project area and the general redevelopment plan for the North Loop.

Growth in the form of investment in new development and reinvestment in existing structures and facilities is essential in the Central Business District, as it is in the entire City. Redevelopment and conservation efforts in the Redevelopment Project Area will strengthen the entire City through environmental improvements, increased tax base and additional employment opportunities.

The Act encourages citizens and government to work together to address and solve the problems of urban growth and development. The joint effort between the City and the private sector to redevelop the North Loop will receive significant support from the financing methods made available by the Act.

This section of the Redevelopment Plan identifies the goals and objectives of the Redevelopment Project Area. A latter section of this Redevelopment Plan identifies the more specific programs, and the Redevelopment Project which the City plans to undertake in achieving the redevelopment goals and objectives which have been identified.

General Goals.

- Improve the quality of life in Chicago by eliminating the influences of, as well as the manifestations of, both physical and economic blight in the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area and Central Business District.
- Revitalize the Redevelopment Project Area to make it an important activity center contributing to the regional focus of the Central Business District.

Redevelopment Objectives.

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a blighted area. Section IV of this document, Blighted Area Conditions Existing in the Redevelopment Project Area, enumerates the blighting conditions.
- Enhance the tax base of the City of Chicago and of other taxing districts which extend into the Redevelopment Project Area by encouraging private investment in residential and commercial development.

- Prevent the recurrence of blighting conditions and preserve and enhance the value of properties within the Redevelopment Project Area.
- Provide a net benefit to the City in jobs and in tax revenue.
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts.
- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Redevelopment Project Area.

Development And Design Objectives.

- Ensure a sound relationship between various public and private sector development projects.
- Ensure that the overall development reflects a deep sense of human scale and values.
- Improve and strengthen general land and space use relationships.
- Stimulate mixed-use development to encourage a more fully rounded community.
- Maintain, upgrade and reinforce the retail character of the State Street Mall frontage, emphasizing quality over quantity in all retail development.
- Encourage residential development to be situated above other uses where appropriate.
- Balance and coordinate new development concepts and efforts with those related to existing structures and patterns of use.
- Encourage the conservation and preservation of certain structures, including those with historical or architectural significance, those which can be recycled for cultural and entertainment purposes, and those which will be given an economic life comparable to newly-developed structures.
- Maintain the primary focus for pedestrian activity at the street level.

- Permit the development of a limited system of grade-separated pedestrian facilities which emphasizes east/west movement, which relates appropriately to existing pedestrian facilities and which is predominately below grade.
- Establish east/west pathways through the area to facilitate pedestrian movement.
- Provide land in parcels of sufficient size and configuration so as to permit economic redevelopment.
- Develop both daytime and nighttime activities and cultural resources.
- Achieve architectural design excellence.

IV.

Blighted Area Conditions Existing In The Redevelopment Project Area.

Based upon surveys, inspections and analyses of the area, and on official building records of the City, the Redevelopment Project Area qualifies as a "blighted area" as defined by the Act. The two and one-half (2½) block area north of West Lake Street and west of North State Street, which is a part of the Redevelopment Project Area, qualified as a blighted area prior to becoming vacant. The area is characterized by the presence of a combination of five (5) or more of the following factors, rendering the area detrimental to the public safety, health and welfare of the citizens of the City:

1. Age.

With the exception of the Ryan Insurance Company Building and a few one- and two-story structures, buildings within the Redevelopment Project Area are thirty-five (35) years of age or older. Age is present as a factor to a substantial extent in all blocks.

2. Dilapidation.

Dilapidation is present to a limited extent in the Redevelopment Project Area. Dilapidated buildings are characterized by major structural defects that are so serious and extensive as to impair the continued safe use of the buildings. Dilapidated buildings are also classified as structurally substandard.

3. Obsolescence.

Obsolescence is present in a substantial number of the structures in the Redevelopment Project Area. These structures are characterized by conditions indicating the structure is incapable of efficient or economic use according to contemporary standards, as evidenced by:

- Inefficient exterior configuration of the structure, including insufficient width, small size, irregular shape, improper orientation of the building site, random additions or excessive ratio of upper story floor space to outside wall area.
- Inflexible interior configuration of the structure, including spacing of bearing walls, supporting columns and beams, and eccentric or single purpose design.
- Inadequate heating, electrical, plumbing and ventilation systems.
- Inadequate access for contemporary systems of delivery and service, including interior vertical systems.
- Non-conformance to fire, building and zoning codes.

4. Deterioration.

Deterioration is present in a substantial number of structures in the Redevelopment Project Area. Buildings over a widespread area are characterized by major defects that are causing the general decline of the structures. The deficiencies would be difficult to correct through normal maintenance and may require replacement or rebuilding by building tradesmen. Deteriorating buildings contain deficiencies in one or more primary structural components or deficiencies in two or more secondary components. Primary components are defined as foundation, exterior walls, roof and roof structure. Secondary components are defined as elements such as exterior porches and stairs, windows and window units, doors and door units, exterior surfaces, gutters and downspouts, and chimneys.

5. Presence Of Structures Below Minimum Code Standards.

Structures below minimum code standards are present throughout the Redevelopment Project Area. These structures have been cited by the Department of Inspectional Services as having critical, major or minor defects regarding a building's interior and exterior components and/or mechanical systems which are less than the accepted minimums established by codes and ordinances of the City of Chicago.

6. Excessive Vacancies.

Excessive vacancies are present in a substantial number of buildings in all blocks within the Redevelopment Project Area. This condition includes vacant buildings and buildings in which twenty percent (20%) or more of the floor area is vacant. Excessive vacancies indicate that building space is difficult to market and income from the buildings may not be sufficient to cover regular and routine maintenance.

7. Overcrowding Of Structures And Community Facilities.

Overcrowding of structures and community facilities is present in all blocks within the Redevelopment Project Area. The area as a whole is characterized by multi-story buildings which occupy all or substantially all of the sites on which they are located. Loading and service for buildings is limited to narrow alleys or to front doors which require across-the-sidewalk access. The parking of service trucks in alleys and along downtown streets prevents the proper use of public right-of-way facilities and contributes to problems of traffic congestion in the area. Moreover, pedestrian usage of narrow sidewalk areas is restricted by and conflicts with service delivery activity.

8. Lack Of Ventilation, Light And Sanitary Facilities.

Many of the older, multi-storied buildings are characterized by a lack of ventilation, light and sanitary facilities according to contemporary development and current code standards. Problem conditions include: lack of natural or mechanical ventilation for interior rooms, lack of natural light resulting from a limited number or area of windows, lack of an adequate number of bathroom facilities, and inadequate provision for the storage of garbage.

9. Excessive Land Coverage.

Excessive land coverage is present throughout the Redevelopment Project Area. Conditions exist in which buildings are either improperly situated on the parcel or are located on parcels of inadequate size and shape in relation to present day standards for development and health and safety. Excessive land coverage which results in lack of light and air and in inadequate provision for loading and service contributes to building obsolescence.

10. Deleterious Land-Use Or Layout.

Deleterious land-use or layout is present to a substantial extent in all blocks within the Redevelopment Project Area. The area as a whole is characterized by obsolete platting of land that is not conducive to present day use or space requirements as evidenced by: (a) inadequate frontages, (b) shallow depth, (c) excessive ratio of depth to width, (d) limited area, (e) conflicting orientation, (f) insufficient access for vehicular service, and (g) inadequate area to provide off-street parking or loading.

11. Depreciation Of Physical Maintenance.

Depreciation of physical maintenance is present to a substantial extent in all blocks within the Redevelopment Project Area. Buildings throughout the area evidence a lack of routine maintenance of building components. Problem conditions include peeling or blistering paint, loose or improperly secured building materials, deteriorating accessory buildings, unkempt storage areas, and the accumulation of debris in parking and yard areas.

12. Lack Of Community Planning.

All blocks were originally platted and developed on a parcel-by-parcel and building-by-building basis with little evidence of coordination and planning among buildings and activities. The lack of community planning at the time of original development has contributed to the problem conditions previously cited which characterize the entire area, including obsolescence, overcrowding of structures and facilities, excessive land coverage, and deleterious land-use or layout.

V.

North Loop Redevelopment Project.

Redevelopment Plan And Project Objectives.

The City proposes to realize its goals and objectives of redevelopment through public finance techniques, including but not limited to tax increment financing:

1. By assembling sites for redevelopment through the application of appropriate land assemblage techniques, including: (a) acquiring and removing deteriorated and/or obsolete buildings and buildings so situated as to interfere with replatting of the land into parcels suitable for redevelopment in accordance with this Redevelopment Plan; (b) vacating existing public rights-of-way and making them a part of one or more redevelopment sites; and (c) assisting the relocation of businesses where necessary to achieve objectives of the Redevelopment Plan.
2. By providing for conservation and preservation of certain basically sound buildings, including theatres and other architecturally or historically significant buildings.
3. By providing public improvements which may include: (a) rehabilitation of theatres, (b) bus station relocation, (c) service tunnel, (d) utility adjustments, (e) surface right-of-way improvements, (f) pedestrian walkways, and (g) transit improvements.
4. By entering redevelopment agreements for the rehabilitation or construction of improvements in accordance with this Redevelopment Plan.
5. By entering into agreements which shall require the developer to establish a continuing affirmative action program designed to promote equal opportunity for minorities and women in every aspect of employment and procurement of goods and services.
6. By entering into redevelopment agreements which contain provisions requiring the developer to cooperate with the City of Chicago in establishing programs of linked redevelopment that provide assistance and advice in the areas of leasing, planning, marketing and development of business in neighborhood-based projects.

Redevelopment Activities.

1. Assemblage Of Sites.

To achieve the renewal of the Redevelopment Project Area, property identified in Development Program, (Sub)Exhibit 2, attached hereto and made a part hereof, may be acquired by the City of Chicago and cleared of all improvements and either (a) sold or leased for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements of facilities. The City may determine that to meet the renewal objectives of this Redevelopment Plan, other properties in the Redevelopment Project Area not scheduled for acquisition should be acquired, or certain property currently listed for acquisition should not be acquired.

Individual structures may be exempted from acquisition if they are located so as not to interfere with the implementation of the objectives of this Redevelopment Plan or the projects implemented pursuant to this Redevelopment Plan, and the owner(s) agree(s) to rehabilitate or redevelop his property, if necessary, in accordance with plan objectives as determined by the City.

Clearance and demolition activities will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized.

Active businesses that are displaced by the acquisition of property will be relocated and may be provided with assistance payments and advisory services.

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

2. Conservation And Preservation.

Conservation and preservation are important concepts to be considered in North Loop redevelopment. Plans should strive to combine the best of the past with compatible new structures to create a sense of vitality and continuity.

The Redevelopment Plan presently contemplates the preservation of two (2) existing buildings because of their architectural and

historic significance. Through specific effort, each can be rehabilitated for reuse: (1) the Reliance Building and (2) the Chicago Theatre/Page Building.

Three (3) other structures will be retained because they can be readily rehabilitated for reuse: (1) the Delaware Building, (2) the Oliver Building and (3) the Selwyn/Harris Theatres.

Two (2) structures in the Redevelopment Project Area will be conserved because they are appropriately located and currently functional. These are the Ryan Insurance Building at Dearborn Street and Wacker Drive and the Commonwealth Edison substation on Dearborn Street, between Randolph Street and Washington Street. However, since the functional portions of the Commonwealth Edison substation are principally located below grade, the above grade superstructure of the substation may be removed, all or in part, or may be incorporated into new construction.

Other structures currently proposed for rehabilitation are shown on Development Program, (Sub)Exhibit 2.

It is likely and desirable that certain additional structures will be proposed for retention during the course of development in the Redevelopment Project Area. The City encourages the continued productive use or reuse of structures in the Redevelopment Project Area insofar as those structures: (a) are located so as not to impede overall economic development, and (b) owned by parties with whom the City has an executed Redevelopment Agreement committing the owners to making any necessary improvements to bring those structures into accord with this Redevelopment Plan.

3. Provision Of Public Improvements And Facilities.

Adequate public improvements and facilities will be provided to service the entire Redevelopment Project Area. Public improvements and facilities may include, but are not limited to:

- a. Purchase of a suitable site for the relocation of the existing bus station.
- b. Construction of a below grade service tunnel linking blocks within the Redevelopment Project Area with Lower Wacker Drive.
- c. Adjustments and modifications to sewer and water lines as may be necessary to facilitate and serve

redevelopment in accordance with the objectives and provisions of this Redevelopment Plan.

- d. The vacation, removal, resurfacing, widening, reconstruction and other improvements of streets, alleys and other public rights-of-way.
- e. Construction of pedestrian walkway improvements and river bank beautifications and walkway improvements.
- f. Provision of new or rehabilitated transit stations along the "Loop" elevated transit line.

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

4. Redevelopment Agreements.

Land assemblage shall be conducted for (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Terms of conveyance shall be incorporated in appropriate disposition agreements which may contain more specific controls than those stated in this Redevelopment Plan.

General Land-Use Plan.

This Redevelopment Plan conforms to and adopts the *North Loop Guidelines for Conservation and Redevelopment* approved by the City Council in October, 1982. The Land-Use Plan, (Sub)Exhibit 3, identifies land-uses to be in effect upon adoption of this Redevelopment Plan.

Redevelopment will occur on the existing pattern of the grid framework, although space use within the Redevelopment Project Area will be significantly changed from the present. Certain familiar and desirable patterns of use will be retained: the retail corridor along State Street and the office development along Dearborn Street, for example. New patterns of uses can be established: hotel and residential uses along Wacker Drive, entertainment and cultural facilities between Lake Street and Randolph Street, and service/retail uses opening off pedestrian circulation facilities at various levels throughout the area.

The following land-use provisions are established for the Redevelopment Project Area. Permitted uses will be those allowed in the Central Business District general classification in the Chicago Zoning Ordinance.

-- Retail Uses.

Retail uses will be developed with a strong relationship to pedestrian circulation facilities in the Redevelopment Project Area (the State Street Mall, sidewalks, and above and below grade pedestrian ways). The retail frontage along the State Street Mall should be uninterrupted except for building entrances. New retail operations will be carefully programmed into all newly developed or rehabilitated space with specific attention to retaining in and introducing into the Redevelopment Project Area quality and compatible retail uses. Retail development along the Mall should be more intense than at any other retail location in the Redevelopment Project Area. Retail uses will frame east/west pathways linking the Mall to the western edge of the area.

-- Office Uses.

New office space is permitted on all blocks located in the Redevelopment Project Area. Further, office space will be restricted in intensity in the eastern half of the two (2) blocks bounded by Lake-State-Washington-Dearborn. Limited office space is permitted above retail development fronting on State Street in these blocks. Office uses of significant intensity are specifically encouraged along Dearborn and Clark Streets, south of Lake Street.

-- Hotel Uses.

Hotel uses are permitted and encouraged on the block bounded by Wacker-State-Lake-Dearborn, the south half of the next block west, and in other blocks with frontage on State Street.

-- Cultural And Entertainment Uses.

Cultural and entertainment uses are permitted throughout the Redevelopment Project Area but should be concentrated in the blocks between Lake Street and Randolph Street, tying the Chicago Theatre to the Selwyn/Harris Theatres. Related retail uses, such as restaurants and pubs, should be located among and in proximity to cultural and entertainment facilities.

-- Residential Uses.

Residential uses are permitted in the Redevelopment Project Area east of Clark Street, and they are encouraged in the blocks with frontage on Wacker Drive and in the blocks east of State Street. The City will give preference to redevelopment proposals which include a significant residential component within a block on which residential uses are permitted.

Residential uses anywhere in the Redevelopment Project Area must be located above other uses. Both new residential development and adaptation of existing structures for residential reuse will be permitted.

Additional Design And Development Controls.

The following controls and criteria as contained in the *North Loop Guidelines* shall apply to all redevelopment within the Redevelopment Project Area.

-- Building Setbacks And Arcades.

The relationships among building facades, first floor activities and the streetscape are important in the Redevelopment Project Area.

Setbacks from the property line are permitted along Dearborn and Clark Streets and along Wacker Drive; however, new development in other locations in the Redevelopment Project Area should generally be built to the property line at street level.

-- Pedestrian Movement.

Primary focus of pedestrian activity will be at street level. Development must include a system of appropriately located pedestrian facilities which will permit, wherever possible, the movement of people from block to block.

The system must also include links to both existing elevated and subway stations as well as to the periphery of the project. Principal pedestrian movement should not be diverted from the State Street Mall, which should continue as the primary north/south pedestrian route in the Redevelopment Project Area. Any pedestrian facilities system should be designed to support and reinforce the Mall.

There are now elements of a grade-separated pedestrian network in place which offer protection from inclement weather and reduce conflicts with street traffic. New grade-separated pedestrian facilities should be below grade, above grade facilities for crossing public ways may be proposed, but they will be reviewed in depth for impacts on adjacent areas and structures and each such facility must be in conformity with the *Guidelines*.

-- State Street Mall Retail Area.

Design and architectural efforts in the Redevelopment Project Area must support the retail character and the scale of existing development along the State Street Mall between Lake and Washington Streets. Further, retail development related to the Mall must meet the highest standards of contemporary retail design and layout. The visual impression should reinforce the horizontal emphasis most dramatically represented by Louis Sullivan's Carson Pirie Scott Building.

In that area, new structures fronting on the Mall should have no setback from the right-of-way in the first sixty (60) feet of height above curb level. Any structure built above a plane two hundred ten (210) feet above curb level (i.e., the height of the cornice line of the Marshall Field & Co. Building) must be set back at least thirty (30) feet from the State Street right-of-way and must also, on each block face, be set back at least an average of sixty (60) feet from State Street. In all instances, existing buildings which are to be retained are excluded.

-- Vistas And Open Spaces.

There are three (3) major open spaces to which the Redevelopment Project Area redevelopment can effectively relate: the Chicago River and its south bank, the Daley Center Plaza, and the State Street Mall.

No major new outdoor plazas in the Redevelopment Project Area should be considered; rather, smaller spaces such as those resulting from limited building setbacks can be provided if effectively designed. Enclosed atria are also encouraged, especially at nodes where pedestrian routes meet or cross. Indoor spaces which are hospitable and which can be programmed are particularly desirable and should be provided.

-- Signs.

Signs will be strictly controlled throughout the Redevelopment Project Area. Generally, only building and business identification signs as defined in the Chicago Zoning Ordinance will be allowed. Sign limitations will apply to both new development and rehabilitation, and will be specified in individual planned development amendments to the Chicago Zoning Ordinance.

-- Parking.

In the redevelopment of the Redevelopment Project Area, parking facilities will be permitted and encouraged in accordance with Section 8.11-6 of the Chicago Zoning Ordinance. New parking facilities must be either below grade or incorporated within a structure which also contains retail uses at the street level.

-- Service.

Drives, ramps and other means of access to loading docks can connect to only a few of the streets traversing the Redevelopment Project Area: Lake Street, Lower Wacker Drive, Wabash Avenue and Dearborn Street (between Lake and Randolph Streets). Those service docks must be off-street and screened from the street. Service access from or crossing the State Street Mall is prohibited.

-- Security.

Participants in the redevelopment of the Redevelopment Project Area will be required to adopt ways to make this area a safe place to work, shop and live. Techniques to enhance security include the location and orientation of entrances, easy surveillance of enclosed public spaces within mixed-use structures, specialized lighting, and the provision of facilities and activities which will attract people from early morning until late evening.

Estimated Redevelopment Project Costs.

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan and a Redevelopment Project. Such costs may include, without limitation, the following:

1. costs of studies and surveys, plans and specifications, and professional service costs including but not limited to architectural, engineering, legal, marketing, financial, planning and special services;
2. property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
3. relocation costs to the extent that the City determines that relocation costs shall be paid or that the City is required to make payment of relocation costs by federal or state law;
4. costs of rehabilitation, construction, repair or remodeling of existing buildings and fixtures;
5. costs of the construction of public works or improvements;
6. financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligation issued under the Act accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding eighteen (18) months thereafter and including reasonable reserves related thereto; and
7. all or a portion of a taxing capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred in furtherance of the objectives of the Redevelopment Plan and Project, to the extent the municipality, by written agreement, accepts and approves such costs.

Estimated costs are shown in Table 1. To the extent that municipal obligations have been issued to pay for such redevelopment project costs included prior to, but in anticipation of, the adoption of tax increment financing, the City shall be reimbursed for such redevelopment project costs. The total redevelopment project costs are intended to provide an upper limit on expenditures. Within this limit, adjustments may be made in line items without amendment of this Redevelopment Plan.

Sources Of Funds To Pay Redevelopment Project Costs.

Funds necessary to pay for redevelopment project costs and municipal obligations which have been issued to pay for such costs are to be derived

principally from tax increment revenues and proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

Table 1.

North Loop Redevelopment Program
Estimated Project Cost (In 1,000s).

Program Action/Improvement	
Acquisition, relocation and demolition	\$171,000
Rehabilitation of theatres	14,500
Bus station relocation	17,500
Service tunnel	3,000
Utility adjustments	3,000
Surface right-of-way improvements	2,000
Riverfront improvements and pedestrian walkways	2,000
Transit improvements	6,500
Planning, legal, studies, etc.	2,000
Financing (net capitalized interest)*	53,000
Contingencies	<u>8,500</u>
Gross Project Cost	\$283,000
Less Disposition Proceeds	<u>57,000</u>
Net Project Cost	<u><u>\$226,000</u></u>

* In addition to capitalized interest, there shall also be included in the cost of financing the ordinary and accustomed reasonable charges and out-of-pocket disbursements associated with the issuance of obligations.

The tax increment revenue which will be used to fund tax increment obligations and redevelopment project costs shall be the incremental taxes attributable to the increase in the current equalized assessed value of each taxable lot, block, tract or parcel of real property in the Redevelopment Project Area over and above the initial equalized assessed value of each such property in the Redevelopment Project Area. Other sources of funds which may be used to pay for redevelopment project costs and obligations issued, the proceeds of which are used to pay for such costs, are land disposition proceeds, state and federal grants, investment income, and such other sources of funds and revenues as the municipality may from time to time deem appropriate.

Issuance Of Obligations.

The City may issue obligations secured by the tax increment special tax allocation fund pursuant to Section 11-74.4-7 of the Act.

Obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired not more than twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area, such ultimate retirement date occurring in the year 2007, not later than March 1, 2007. In any event, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal of and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds, capitalized interest funds, debt service reserve funds and other sources of funds as may be provided by ordinance.

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, sinking funds and redevelopment project costs, and, to the extent not used for such purposes, may be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

Most Recent Equalized Assessed Valuation Of Properties In The Redevelopment Project Area.

Table 2 lists the most recent (1982) equalized assessed valuations of properties in the Redevelopment Project Area by block. The total estimated equalized assessed valuation for the Redevelopment Project Area is Fifty-three Million One Hundred Fifty-eight Thousand One Hundred Ninety-nine Dollars (\$53,158,199). The Boundary Map, (Sub)Exhibit 1 shows the locations of the various blocks.

Anticipated Assessed Valuation.

By the year 1995, when it is estimated that all the anticipated private development will be completed and fully assessed, the estimated equalized assessed valuation of real property within the Redevelopment Project Area will be approximately Six Hundred Twenty-two Million Dollars (\$622,000,000).

Table 2.

Block Summary Of 1982 Equalized Assessed Values
And Property Tax Revenues*.

Block Number	Assessed Valuation	Equalized Valuation	Real Estate Tax
8	\$ 251,840	\$ 485,749	\$ 50,955.07
9	4,450,221	8,583,586	883,071.33
16	-0-	-0-	-0-
17	2,950,714	5,691,337	572,150.11
18	-0-	-0-	-0-
35	7,878,334	15,195,732	1,527,626.94
36	4,663,407	8,994,725	924,608.90
37	7,116,724	13,726,737	1,398,880.90
58	<u>249,032</u>	<u>480,333</u>	<u>50,386.93</u>
TOTAL:	\$27,560,272	\$53,158,199	\$5,407,659.30

* These figures are subject to final verification. Initial equalized valuation is estimated to be \$53,158,199. After verification, the correct figures shall be certified to by the County Clerk of Cook County.

VI.

Phasing And Scheduling Of Redevelopment Project.

In order to maximize program efficiency to take advantage of previous and current redevelopment actions and with full consideration of availability of funds, a phased implementation strategy will be employed. This planned action is described below. Also refer to Development Program, (Sub)Exhibit 2 for graphic representation of block numbers. The representations as to amount of space required for usage are necessarily approximate and may be revised pursuant to negotiation between the City and developer, and in accordance with the General Land-Use Plan provisions of the Redevelopment Plan and the minimum and maximum development requirements as contained in the North Loop Guidelines for Conservation and Redevelopment approved by the City Council in October, 1982.

The City shall have the authority without further amendment of the Redevelopment Plan and Project, to shift a redevelopment program forward from a later phase to an earlier phase, or from an earlier phase to a later phase, depending on availability of funds to pursue redevelopment programs and the resources available to cause redevelopment to occur.

Initial Phase (Phase 1).

In anticipation of adoption of tax increment financing, the initial phase of the Redevelopment Project was started in 1981 when the City issued its Fifty-five Million Dollar (\$55,000,000) General Obligation Bond Anticipation Notes. A portion of the proceeds of those notes was spent for the acquisition and clearance of Blocks 16, 17 and 18.

The redevelopment program for these blocks is as follows:

- Block 16. All property within this block has been acquired and cleared and will be sold to a private developer for construction of a mixed-use complex including approximately three hundred thousand (300,000) square feet of retail, seven hundred thousand (700,000) square feet of office and a six hundred ninety (690) room hotel.
- Block 17. All property within this block with the exception of the Ryan Insurance property and the Greyhound Access Ramp property has been acquired, and the block will be sold to a private developer for construction of a mixed-use complex including approximately seventy-five thousand (75,000) square feet of retail, eight hundred thousand (800,000) square feet of office and three hundred thousand (300,000) square feet of residential or hotel.

- Block 18. All property within this block has been sold to a private developer for construction of a mixed-use complex including approximately forty-five thousand (45,000) square feet of retail and five hundred fifty thousand (550,000) square feet of office and a parking facility containing one thousand four hundred sixty-five (1,465) spaces.

The initial phase expenditures, exclusive of financing cost, are estimated at Fifty-two Million Seventy-one Thousand Dollars (\$52,071,000). Proceeds from the sale of Block 18 are Six Million Four Hundred Thousand Dollars (\$6,400,000), leaving a net project cost for this initial phase of Forty-five Million Six Hundred Seventy-one Thousand Dollars (\$45,671,000).

By the year 1990, when it is estimated that all of the anticipated private development in this phase will be completed and fully assessed, the estimated annual real property tax increment for the three (3) block area will be approximately Seventeen Million Three Hundred Thousand Dollars (\$17,300,000).

Second Phase (Phase 2, 1984 -- 1985).

The second phase of the Redevelopment Project will include initiation of redevelopment activity within Blocks 8, 9, 37 and 58, and the first phase of implementation of proposed public improvements and facilities. Redevelopment project activities include:

- Block 8. The existing building within this block will be rehabilitated.
- Block 9. Designated property within this block will be acquired, cleared and disposed of to a private developer for construction of a mixed-use complex including approximately one hundred twenty thousand (120,000) square feet of retail, approximately five hundred sixty thousand (560,000) square feet of office and approximately four hundred thousand (400,000) square feet of residential or hotel.
- Block 37. Designated property within this block will be acquired, cleared and disposed of to a private developer for construction of a mixed-use complex including approximately three hundred thousand (300,000) square feet of retail and approximately one million eight hundred thousand (1,800,000) square feet of office.
- Block 58. Control of the site will be acquired and the existing building will be rehabilitated.

- Public Improvements and Facilities. Public expenditures for the cost of rehabilitation of the Chicago Theatre and for the purchase of a site for relocation of existing bus terminal facilities from Block 35 will be incurred during this phase.

The second expenditures, exclusive of financing costs, are estimated at Seventy-six Million Five Hundred Thirty-four Thousand Dollars (\$76,534,000). Proceeds from the sale of Blocks 16 and 17, and for the new bus terminal site, are estimated to total Twenty-six Million Eighty Hundred Seventy-six Thousand Dollars (\$26,876,000), leaving a net project cost for this second phase of Forty-nine Million Six Hundred Fifty-eight Thousand Dollars (\$49,658,000). By the year 1992, when it is estimated that all of the anticipated private development in this phase will be completed and fully assessed, the estimated annual real property tax increment for Blocks 8, 9, 37 and 58 will be approximately Fourteen Million Two Hundred Thousand Dollars (\$14,200,000).

Third Phase (Phase 3, 1986 -- 1987).

The third phase of the Redevelopment Project will include initiation of redevelopment activity within Block 35 and Block 36, and the second phase of implementation of proposed public improvements and facilities. Redevelopment Project activities include:

- Block 35. Designated property within this block will be acquired, cleared and sold to a private developer for assembly with other not-to-be acquired property for construction of a mixed-use complex including approximately one hundred twenty thousand (120,000) square feet of retail and approximately two million two hundred thousand (2,200,000) square feet of office.
- Block 36. Designated property within this block will be acquired, cleared and sold to a private developer for possible assembly with other not-to-be acquired property for construction of a mixed-use complex including approximately three hundred thousand (300,000) square feet of retail, approximately seven hundred thousand (700,000) square feet of office and approximately two hundred thousand (200,000) square feet of residential or hotel.
- Public Improvements and Facilities. Public expenditures for the cost of the following improvements and facilities will be incurred during this phase: acquisition and rehabilitation of the Harris/Selwyn and Woods Theatres; construction of a below grade service tunnel linking blocks within the Redevelopment

Project Area with Lower Wacker Drive; adjustments to sewer and water lines; the vacation, removal, resurfacing, widening, reconstruction and other improvements of streets, alleys and other public rights-of-way; construction of pedestrian walkway improvements or facilities to serve redevelopment; and provision of one or more new or rehabilitated transit stations along the "Loop" elevated transit lines.

The third phase expenditures, exclusive of financing cost, are estimated at Ninety-two Million One Hundred Fifty-one Thousand Dollars (\$92,151,000). Proceeds from the sale of Blocks 36 and 37 are estimated to total Nineteen Million Four Hundred Fifty-six Thousand Dollars (\$19,456,000), leaving a net project cost for this third phase of Seventy-two Million Six Hundred Ninety-five Thousand Dollars (\$72,695,000).

By the year 1995, when it is estimated that all of the anticipated private development will be completed and fully assessed, the estimated annual real property tax increment for Blocks 36 and 37 will be approximately Nineteen Million Six Hundred Thousand Dollars (\$19,600,000).

Fourth Phase (Phase 4, 1988 To Completion).

The final phase of the Redevelopment Project will involve expenditures for the completion of public improvements and facilities to serve or facilitate redevelopment. Improvements and facilities to be completed during this phase include: (a) adjustments and modifications to sewer and water lines; (b) the vacation, removal, resurfacing, widening, reconstruction and other improvements of streets, alleys and other public rights-of-way; and (c) construction of pedestrian walkway improvements.

The final phase public expenditures, exclusive of financing cost, are estimated at Seven Million Nine Hundred Twenty-nine Thousand Dollars (\$7,929,000). Proceeds from the sale of Block 35 property are estimated to total Four Million One Hundred Fifty-four Thousand Dollars (\$4,154,000), leaving a net project cost of this fourth phase of Three Million Seven Hundred Seventy-five Thousand Dollars (\$3,775,000). Expenditures during this phase may be financed from tax increment cash flow, if feasible, or may be financed by other sources such as obligations utilizing tax increment revenue.

Completion Of Redevelopment Project And Retirement Of Obligations To Finance Redevelopment Project Costs.

The estimated date for completion of the Redevelopment Project is no later than March 1, 2007, and may be completed sooner, depending on the

incremental tax yield. Actual construction activities are anticipated to be completed within ten (10) years.

VII.

*Provisions For Amending The
Tax Increment Plan.*

This North Loop Tax Increment Redevelopment Plan and Project may be amended pursuant to the provisions of the Act.

[(Sub)Exhibits 1, 2 and 3, Figures 1 and 2 referred to in this
Central Loop Original Redevelopment Project and
Plan printed on pages 38338 through 38342
of this Journal.]

(Sub)Exhibit II.

(To Central Loop Redevelopment Project And Plan)

Central Loop Added Project Area

Tax Increment Financing

Eligibility Study.

City Of Chicago, Illinois

January 13, 1997.

Executive Summary.

The purpose of this study is to determine whether the Central Loop Added Project Area (the "Added Project Area") qualifies for designation as a

(Continued on page 38343)

(Continued from page 38337)

"conservation area" within the definition set forth in the Tax Increment Allocation Redevelopment Act (the "Act"). The Act is found in Illinois Compiled Statutes, Chapter 65, Act 5, Section 11-74.4-1, et seq., as amended.

The findings presented in this study are based on surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. ("T.P.A.P.") for the Added Project Area of approximately one hundred thirty-eight and nine-tenths (138.9) acres located within the central business district of Chicago, Illinois. The Added Project Area consists of two (2) subareas containing a total of twenty-four (24) full and fourteen (14) partial blocks. Portions of both subareas are contiguous to the North Loop Tax Increment Redevelopment Project Area. Subarea 1 is located west of the North Loop Tax Increment Redevelopment Project Area and is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east; and Court Place on the south. Subarea 2 is located south and east of the North Loop Tax Increment Redevelopment Project Area and is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the south.

Boundaries of the Added Project Area are shown on Figure 1, Boundary Map and a more detailed description of the Added Project Area is presented in Section II, "The Central Loop Added Project Area".

As set forth in the Act, "redevelopment project area" means an area designated by the municipality, which is not less in the aggregate than one and one-half ($1\frac{1}{2}$) acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted and conservation areas. The Added Project Area exceeds the minimum acreage requirements of the Act.

As set forth in the Act, "conservation area" means any improved area within the boundaries of a redevelopment project area located within the territorial limits of the municipality in which fifty percent (50%) or more of the structures in the area have an age of thirty-five (35) years or more. Such an area is not yet a blighted area but because of a combination of three (3) or more of the following factors -- dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land-use or layout; depreciation of physical maintenance; or lack of community planning -- is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

While it may be concluded that the mere presence of the minimum number of stated factors is sufficient to make a finding as a conservation area, this evaluation was made on the basis that the conservation factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of conservation factors throughout the area must be reasonable so that basically good areas are not arbitrarily found to be conservation areas simply because of proximity to conservation areas.

On the basis of this approach, the Added Project Area is found to be eligible as a conservation area within the definition set forth in the Act. Specifically:

- Ninety and one-tenth percent (90.1%) of the two hundred thirteen (213) buildings in the Added Project Area are thirty-five (35) years of age or older.
- Of the fourteen (14) factors set forth in the Act for conservation areas, seven (7) are present in the Added Project Area. Six (6) factors are present to a major extent and one (1) is present to a limited extent.
- The factors present are reasonably distributed throughout the Added Project Area.
- All blocks within the Added Project Area show the presence of conservation factors.
- The Added Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

Conservation Factors In The Added Project Area.

Age.

Of the two hundred thirteen (213) buildings in the Added Project Area, one hundred ninety-two (192) (ninety and one-tenth percent (90.1%)) are thirty-five (35) years of age or older.

1. Dilapidation.

Dilapidation as a factor is present to a limited extent in the Added Project Area. Eight (8) of the two hundred thirteen (213) buildings in the Added Project Area are in a dilapidated condition. Dilapidated buildings are present in six (6) of the thirty-eight (38) blocks in the Added Project Area.

2. **Obsolescence.**

Obsolescence as a factor is present to a major extent in the Added Project Area. One hundred twenty-five (125) of the two hundred thirteen (213) buildings in the Added Project Area are characterized by obsolescence and obsolete buildings are found in thirty-two (32) of the thirty-eight (38) blocks in the Added Project Area. Obsolete platting is found throughout the Added Project Area.

3. **Deterioration.**

Deterioration as a factor is present to a major extent in the Added Project Area. A total of one hundred thirteen (113) buildings, or fifty-three and zero-tenths percent (53.0%) of the two hundred thirteen (213) buildings in the Added Project Area, are classified as deteriorating or deteriorated. Thirty-two (32) of the thirty-eight (38) blocks in the Added Project Area contain deteriorating or deteriorated buildings. Deterioration as a factor is also found in deteriorating and deteriorated alleys and sidewalks in the Added Project Area.

4. **Structures Below Minimum Code Standards.**

The existence of structures below minimum code standards as a factor is present to a major extent in the Added Project Area. Forty-two (42) of the seventy (70) structures which were sampled on the interior and five (5) buildings with advanced exterior defects are below minimum code standards. Structures below minimum code standards are present in twenty-two (22) of the thirty-eight (38) blocks in the Added Project Area.

5. **Excessive Vacancies.**

Excessive vacancies as a factor is present to a major extent in the Added Project Area. One hundred seven (107) of the two hundred thirteen (213) buildings in the Added Project Area are more than twenty percent (20%) vacant. Buildings with excessive vacancies are present in thirty (30) of the thirty-eight (38) blocks in the Added Project Area.

6. **Depreciation Of Physical Maintenance.**

The depreciation of physical maintenance of buildings and site improvements as a factor is present to a major extent in the Added

Project Area. One hundred thirteen (113) of the two hundred thirteen (213) buildings in the Added Project Area suffer from deferred maintenance and nineteen (19) of the thirty-eight (38) blocks in the Added Project Area contain deteriorated sections of streets, alleys, sidewalks, curbs or gutters. Thirty-three (33) blocks in the Added Project Area contain buildings or site improvements which show the depreciation of physical maintenance.

7. Lack Of Community Planning.

Lack of community planning as a factor is present to a major extent throughout the Added Project Area. The Added Project Area was developed without the benefit or guidance of a community plan with reasonable policies and standards for parcel size and configuration, building setbacks, the location and arrangement of off-street loading and service, et cetera.

I.

Basis For Redevelopment.

The Illinois General Assembly made two (2) key findings in adopting the Act:

1. That there exist in many municipalities within the State blighted and conservation areas; and
2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

These findings were made on the basis that the presence of blight or conditions which lead to blight are detrimental to the safety, health, welfare and morals of the public.

To ensure that the exercise of these powers is proper and in the public interest, the Act also specifies certain requirements which must be met before a municipality can proceed with implementing a redevelopment project. One of these requirements is that the municipality must demonstrate that a prospective redevelopment project qualifies either as a "blighted area" or as a "conservation area" within the definitions for each set forth in the Act (in Section 11-74.4-3). These definitions are described below.

Eligibility Of A Blighted Area.

A blighted area may be either improved or vacant. If the area is improved (e.g., with industrial, commercial and residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five (5) or more of the following fourteen (14) factors:

1. Age.
2. Dilapidation.
3. Obsolescence.
4. Deterioration.
5. Illegal use of individual structures.
6. Presence of structures below minimum code standards.
7. Excessive vacancies.
8. Overcrowding of structures and community facilities.
9. Lack of ventilation, light, or sanitary facilities.
10. Inadequate utilities.
11. Excessive land coverage.
12. Deleterious land-use or layout.
13. Depreciation of physical maintenance.
14. Lack of community planning.

If the area is vacant, it may be found to be eligible as a blighted area based on the finding that the sound growth of the taxing districts is impaired by one of the following criteria:

1. A combination of two (2) or more of the following factors: Obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

2. The area immediately prior to becoming vacant qualified as a blighted improved area.
3. The area consists of an unused quarry or unused quarries.
4. The area consists of unused railyards, rail tracks or railroad rights-of-way.
5. The area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or (is) in proximity to any improvement on real property which has been in existence for at least five (5) years and which substantially contributes to such flooding.
6. The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge sites.
7. The area is not less than fifty (50) nor more than one hundred (100) acres and seventy-five percent (75%) of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within five (5) years prior to the designation of the redevelopment project area, and which area meets at least one (1) of the factors itemized in provision (1) of subsection (a), and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for the designed purpose.

Eligibility Of A Conservation Area.

A conservation area is an improved area in which fifty percent (50%) or more of the structure in the area have an age of thirty-five (35) years or more and there is a presence of a combination of three (3) or more of the fourteen (14) factors listed below. Such an area is not yet a blighted area, but because of a combination of three (3) or more of these factors, the area may become a blighted area.

1. Dilapidation.
2. Obsolescence.
3. Deterioration.
4. Illegal use of individual structures.
5. Presence of structures below minimum code standards.

6. Abandonment.
7. Excessive vacancies.
8. Overcrowding of structures and community facilities.
9. Lack of ventilation, light, or sanitary facilities.
10. Inadequate utilities.
11. Excessive land coverage.
12. Deleterious land-use or layout.
13. Depreciation of physical maintenance.
14. Lack of community planning.

While the Act defines a blighted area and a conservation area, it does not define the various factors for each, nor does it describe what constitutes the presence or the extent of presence necessary to make a finding that a factor exists. Therefore, reasonable criteria should be developed to support each local finding that an area qualifies as either a blighted area or as a conservation area. In developing these criteria, the following principles have been applied:

1. the minimum number of factors must be present and the presence of each must be documented;
2. for a factor to be found present, it should be present to a meaningful extent so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act; and
3. the factors should be reasonably distributed throughout the redevelopment project area.

It is also important to note that the test of eligibility is based on the conditions of the area as a whole; it is not required that eligibility be established for each and every property in the project area.

II.

The Central Loop Added Project Area.

The Added Project Area is comprised of two (2) subareas. Subarea 1 consists of one (1) full and six (6) partial blocks and is located west of the North Loop Tax Increment Redevelopment Project Area. Subarea 1 is generally bounded by Franklin Street on the west; Haddock Place on the north; LaSalle Street on the east; and Court Place on the south. Subarea 1 also includes buildings located at 304 and 308 West Randolph Street and the buildings fronting the west side of Franklin Street, between Randolph Street and Couch Place.

Subarea 2 is located south and east of the North Loop Tax Increment Redevelopment Project Area and consists of twenty-three (23) full and eight (8) partial blocks. Subarea 2 is generally bounded by Dearborn Street on the west; the Chicago River on the north; Michigan Avenue on the east; and Congress Parkway on the the south. Subarea 2 also includes the buildings along the east side of Michigan Avenue, between Wacker Place and Wacker Drive; the Monadnock Building (53 West Jackson Boulevard); and the three (3) block area bounded by LaSalle Street on the west; Van Buren Street on the north; Dearborn Street on the east; and Congress Parkway on the south.

The Added Project contains two hundred thirteen (213) buildings situated on one hundred thirty-eight and nine-tenths (138.9) acres and consists of various uses, including office, retail, service, commercial, professional, governmental, cultural and educational. A portion of the Added Project Area is located within the City's historic Loop and contains many of the City's oldest office and retail buildings as well as a wide variety of local, state and federal landmarks.

The Added Project Area includes a total of fifty-seven (57) "competitive" (defined as having more than one hundred thousand (100,000) square feet of rentable space) office buildings containing more than fifteen and nine-tenths (15.9) million square feet of office space, or approximately fourteen and six-tenths percent (14.6%) of the total downtown market. Several classes of buildings exist within the Added Project Area. Class A space typically includes the most prestigious buildings with the highest quality standard finishes and mechanical systems. These buildings compete for premier office users. Only one (1) building in the Added Project Area is considered to be Class A, the Chicago Bar Association Building. Class B buildings compete for a wide range of users. Building finishes are fair to good, and mechanical systems are adequate. Fourteen (14) buildings in the Added Project Area are classified as Class B buildings, ten (10) of which were built in the early 1900s and substantially rehabilitated to bring them up to Class B standards. Seven (7) of these rehabilitated buildings, including the Santa Fe Building, Peoples Gas Building, and Britannica Center, are located along Michigan Avenue. The remaining forty-two (42) office buildings in the Added Project

Area are Class C quality, meaning that the tenants they attract require functional space at rents that are typically below the average for the area. These buildings often do not have modern mechanical systems and offer few of the amenities associated with modern office buildings.

III.

Eligibility Survey And Analysis Findings.

An analysis was made of each of the conservation area eligibility factors listed in the Act to determine whether each or any are present in the Added Project Area, and if so, to what extent and in what locations. Surveys and analyses conducted by T.P.A.P. and Andrew Heard & Associates included:

1. exterior survey of the condition and use of each building;
2. field survey of environmental conditions covering streets, alleys, sidewalks, curbs and gutters, parking facilities, landscaping, fences and walls, and general property maintenance;
3. analysis of existing uses and their relationships;
4. comparison of current land-use to current zoning ordinance and the current zoning map;
5. analysis of original and current platting and building size and layout;
6. analysis of vacant sites and vacant buildings;
7. analysis of building floor area and site coverage;
8. review of previously prepared plans, studies and data;
9. interior building surveys of seventy (70) buildings within the Added Project Area;
10. analysis of commercially prepared guides to the Chicago real estate market;
11. examination of Cook County Board of Appeals files for assessment year 1994; and
12. analysis of building permits issued for the Added Project Area from 1991 through 1995.

Figure 2 presents the survey form used to record building conditions.

T.P.A.P. conducted an exterior building survey of every building in the Added Project Area. Upon completion of the exterior surveys, T.P.A.P. and Andrew Heard & Associates completed an interior building survey of seventy (70) buildings to compare conditions on the interior with those indicated on the exterior survey to substantiate the overall findings in the Added Project Area. Interior surveys included those buildings determined to be in other than sound condition on the basis of the exterior survey and for which access to conduct an interior survey was granted.

Conservation Area Eligibility Factors.

The following statement of findings is presented for each conservation area factor listed in the act. The conditions that exist and the relative extent to which each factor is present are described.

A factor noted as not present indicates either that no information was available or that no evidence could be documented as part of the various surveys and analyses. A factor noted as present to a limited extent indicates that conditions exist which document that the factor is present, but that the distribution or impact of the conservation condition is limited. Finally, a factor noted as present to a major extent indicates that conditions exist which document that the factor is present throughout major portions of the block and that the presence of such conditions has a major adverse impact or influence on adjacent and nearby development.

What follows is the summary evaluation of age criteria and the fourteen (14) factors for a conservation area, presented in order of their listing in the Act.

A. Age.

Age is a primary and prerequisite factor in determining an area's qualification for designation as a conservation area. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems can be a function of time, temperature, moisture and level of maintenance over an extended period of years, structures which are thirty-five (35) years or older typically exhibit more problems and require greater maintenance than more recently constructed buildings. Buildings in the Added Project Area range from six (6) to one hundred nineteen (119) years of age.

Except for the limited number of unique, older, historic buildings which have been reasonably maintained and older buildings which front Michigan

Avenue and benefit from the lakefront view, many of the buildings in the Added Project Area which were built prior to the 1960s have significantly higher vacancy rates than the downtown as a whole. These older buildings are difficult to maintain; they suffer from obsolescence due to limited size, excessive space occupied by stairways, common hall areas and elevators; and they cannot demand the rent levels necessary to make improvements competitive with newer buildings. Many of the older buildings contain public or semi-public tenants or not-for-profit businesses and are leased at reduced rent levels.

Conclusion.

Of the two hundred thirteen (213) buildings within the Added Project Area, one hundred ninety-two (192), or ninety and one-tenth percent (90.1%), are thirty-five (35) years of age or older. The Added Project Area meets the conservation area prerequisite that more than fifty percent (50%) of the structures are thirty-five (35) years of age or older.

Figure 3, Age, illustrates the location of all buildings in the Added Project Area which are more than thirty-five (35) years of age.

B. Dilapidation.

Dilapidation refers to an advanced state of disrepair of buildings and improvements. Webster's New Collegiate Dictionary defines "dilapidate", "dilapidated" and "dilapidation" as follows:

- Dilapidate, ". . . to become or cause to become partially ruined and in need of repairs, as through neglect".
- Dilapidated, ". . . falling to pieces or into disrepair; broken down; shabby and neglected".
- Dilapidation, ". . . dilapidating or becoming dilapidated; a dilapidated condition".

This section summarizes the process used for assessing building conditions in the Added Project Area, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation.

The building condition analysis is based on exterior inspection of the building during April, May, June and September of 1996, and interior surveys of seventy (70) sample representative buildings. Noted during the inspection were structural deficiencies in building components and related environmental deficiencies in the Added Project Area.

1. Building Components Evaluated.

During the field survey, each component of a subject building was examined to determine whether it was in sound condition or had minor, major, or critical defects. Building components examined were of two types:

Primary Structural.

These include the basic elements of any building: foundation walls, load bearing walls and columns, roof and roof structure.

Secondary Components.

These are components generally added to the primary structural components and are necessary parts of the building, including porches and steps, windows and window units, doors and door units, chimneys, gutters and downspouts.

Criteria For Classifying Defects For Building Components.

Each primary and secondary component was evaluated separately as a basis for determining the overall condition of individual buildings. This evaluation considered the relative importance of specific components within a building and the effect that deficiencies in such components have on the remainder of the building.

2. Building Rating Classifications.

The three (3) categories used in classifying building components and systems and the criteria used in evaluating structural deficiencies are described below.

Sound.

Building components which contain no defects, are adequately maintained, and require no treatment outside of normal maintenance as required during the life of the building.

Deficient.

Building components which contain defects (loose or missing material or holes and cracks) over either limited or widespread areas which may or may not be correctable through the course of normal maintenance

(depending on the size of the building or number of buildings in a large complex). Deficient buildings contain defects which, in the case of limited or minor defects, clearly indicate a lack of or a reduced level of maintenance. In the case of major defects, advanced defects are present over widespread areas, perhaps including mechanical systems, and would require major upgrading and significant investment to correct.

Dilapidated.

Buildings which contain major defects in primary and secondary components and mechanical systems over widespread areas and within most of the floor levels. The defects are so serious and advanced that the building is or conditions within the building are substandard, requiring improvements or total reconstruction which may either be infeasible or difficult to correct.

Eight percent (8%) of the two hundred thirteen (213) buildings (three and seven-tenths percent (3.7%)) in the Added Project Area were found to be in substandard (dilapidated) condition. Blocks 106 and 243 each contained two (2) dilapidated buildings and each of Blocks 102, 104, 213 and 234 contained one (1) dilapidated building.

Conclusion.

Dilapidation as a factor is present in eight (8) buildings and is present to a limited extent in the Added Project Area. Six (6) of the thirty-eight (38) blocks in the Added Project Area contain dilapidated buildings.

Figure 4, Dilapidation, illustrates the location of substandard buildings in the Added Project Area.

C. Obsolescence.

Webster's New Collegiate Dictionary defines "obsolescence" as "being out of use; obsolete". "Obsolete" is further defined as "no longer in use; disused" or "of a type or fashion no longer current". These definitions are helpful in describing the general obsolescence of buildings or site improvements in a proposed redevelopment project area. In making findings with respect to buildings, it is important to distinguish between functional obsolescence, which relates to the physical utility of a structure, and economic obsolescence, which relates to a property's ability to compete in the marketplace.

Functional Obsolescence.

Historically, structures have been built for specific uses or purposes. The design, location, height, and space arrangement are intended for a specific occupant at a given time. Buildings become obsolescent when they contain characteristics or deficiencies which limit their use and marketability after the original use ceases. The characteristics may include loss in value to a property resulting from an inherent deficiency existing from poor design or layout, the improper orientation of the building on its site, etc., which detracts from the overall usefulness or desirability of a property.

Economic Obsolescence.

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values. Typically, buildings classified as dilapidated and buildings which contain vacant space are characterized by problem conditions which may not be economically curable, resulting in net rental losses and/or depreciation in market value.

Site improvements, including sewer and water lines, public utility lines (gas, electric and telephone), roadways, parking areas, parking structures, sidewalks, curbs and gutters, lighting, etc., may also evidence obsolescence in terms of their relationship to contemporary development standards for such improvements. Factors of obsolescence may include inadequate utility capacities, outdated designs, etc..

Obsolescence, as a conservation factor, should be based upon the documented presence and reasonable distribution of buildings and site improvements evidencing such obsolescence.

1. Obsolete Building Types.

Obsolescence in buildings, because of physical characteristics or economic conditions limiting their long-term sound use or reuse, is typically difficult and expensive to correct. The resulting deferred maintenance, deterioration and vacancies often have an adverse effect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Functional obsolescence of buildings is present throughout the Added Project Area and is found in virtually every type of use found in the Added Project Area. Characteristics which are present in obsolete building types include the following:

- small, narrow buildings with limited floor plates;
- buildings where stairs, elevators and common hall areas occupy an excessive amount of each floor plate;
- buildings with inadequate column spacing or floor plans which limit space divisions;
- buildings with inefficient or outdated mechanical systems, including the lack of central air conditioning, small elevators or the lack of freight elevators;
- buildings which lack or which have limited fire and life safety provisions and which would be difficult to conform to code compliance;
- lack of or inadequate loading facilities;
- buildings where access to upper floors is possible only from first floor retail areas; and
- floors with limited or no restrooms or restrooms which are accessible only through stairwells.

These buildings are characterized by conditions which limit efficient or economic use according to contemporary standards.

Economic obsolescence of buildings is present throughout the Added Project Area. The oversupply of office space resulting from the building boom of the 1980s has led to increasing competition for tenants. As a result, older buildings are being vacated by tenants in favor of the newer, more efficient and relatively affordable space in newer buildings.

Forty-two (42) of the fifty-seven (57) competitive office buildings in the Added Project Area are of Class C quality. These class C office buildings, and most of the smaller retail, service, commercial and "non-competitive" office buildings in the Added Project Area, often attracts tenants at rents that are typically below average for the area, do not have modern mechanical systems, offer few of the amenities associated with modern office buildings and offer extremely low returns to the landlords. According to BOMA/Chicago's 1996 Rent Barometer, the average net effective rent for Class C buildings in downtown Chicago is Three and 57/100 Dollars (\$3.57) per square foot. The actual return to the landlord, when amortized over the term of the lease, averages Two and 47/100 Dollars (\$2.47) per square foot. These low returns make it difficult for landlords to pay taxes and adequately maintain their properties, much less finance significant improvements to their buildings. The result is often a lack of maintenance, increasing

vacancies, deterioration and the general disuse of space that is too difficult or expensive to market to contemporary standards.

2. Obsolete Platting.

Most of the Added Project Area was platted well before the turn of the century into blocks containing sixteen (16) foot alleys and long, narrow lots. Through the years, as technology evolved to allow the construction of taller and taller buildings, parcels were split, combined and generally reconfigured to suit the building-by-building construction occurring within each block. Today, the platting of many of the blocks bears virtually no resemblance to the current configuration of buildings. In addition, the narrow width of the lots limit or restrict their development by impeding efforts to assemble parcels in order to provide significant development sites. Finally, there also exist within the Added Project Area five (5) blocks that are only seventy (70) feet in width.

Within the Added Project Area, many rights-of-way originally platted as street (e.g., Quincy Street) and alleys have been vacated in whole or in part, resulting in a fragmented and incomplete system of alleys.

Conclusion.

Obsolescence as a factor is present to a major extent in the Added Project Area. Obsolescence affects one hundred twenty-three (123) of the two hundred thirteen (213) buildings in the Added Project Area and obsolete buildings are found in thirty-two (32) of the thirty-eight (38) blocks in the Added Project Area. Obsolete platting is present throughout the Added Project Area.

Figure 5, Obsolescence, illustrates the location of obsolete buildings in the Added Project Area.

D. Deterioration.

Deterioration refers to any physical deficiencies or disrepair in buildings or site improvements requiring treatment or repair.

- Deterioration may be evident in basically sound buildings containing minor defects, such as lack of painting, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance.

- Deterioration which is not easily correctable and cannot be accomplished in the course of normal maintenance may also be evident in buildings. Such buildings may be classified as minor deficient or major deficient buildings, depending upon the degree or extent of defects. Minor deficient and major deficient buildings include buildings with defects in the secondary building components (e.g., doors, windows, fire escapes, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, exterior walls, floors, roofs, etc.), respectively.
- All buildings and site improvements classified as dilapidated are also deteriorated.

Deterioration Of Buildings.

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." A total of one hundred thirteen (113) buildings, or fifty-three and zero-tenths percent (53.0%) of the two hundred thirteen (213) buildings in the Added Project Area, are classified as deteriorating or deteriorated.

As noted in Table 1, Summary of Building Deterioration, building deterioration exists in thirty-two (32) of the thirty-eight (38) blocks in the Added Project Area.

Deterioration Of Alleys.

Field surveys were conducted to identify the condition of all alleys in the Added Project Area. Alleys in poor condition include those consisting of original cobblestone surfaces or a combination of gravel and earth surfaces, resulting in an irregular surface with depressions, weed overgrowth and poor drainage. Alleys with these conditions include the alleys in Blocks 108 and 300, or two (2) of the thirty-eight (38) blocks in the Added Project Area.

Deterioration Of Sidewalks.

Sidewalks in poor condition include those which are irregular or which contain settled areas, gravel sections or cracked areas. Sidewalks with these conditions are present in seventeen (17) of the thirty-eight (38) blocks in the Added Project Area.

Table 1.
Summary Of Building Deterioration.

Tax Block Number	Number Of Buildings	Building Condition		
		Sound	Deteriorated/ Deteriorating	Dilapidated
100	12*	0	12	0
101	11	3	8	0
102	8	4	3	1
103	5	4	1	0
104	12	5	6	1
105	5	4	1	0
106	7	2	3	2
107	4	4	0	0
108	6	2	4	0
109	7	3	4	0
206	7	2	5	0
213	4	1	2	1
224/225	8	3	5	0
233	1	1	0	0
234	3	2	0	1
235	6	3	3	0
243	8	1	5	2
244	1	1	0	0

* Includes nine (9) building complex at Carson Pirie Scott Store.

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Tax Block Number	Number Of Buildings	Building Condition		
		Sound	Deteriorated/ Deteriorating	Dilapidated
245	3	3	0	0
246	3	2	1	0
247	1	1	0	0
300	12	10	2	0
301	3	2	1	0
302	3	2	1	0
303	8	6	2	0
305	1	1	0	0
306	10	8	2	0
309/310	8	5	3	0
311	6	5	1	0
312	8	3	5	0
416	1	0	1	0
418	2	1	1	0
429	5	2	3	0
430/431	15	2	13	0
433	4	0	4	0
443	1	0	1	0
445	2	1	1	0
463/464	<u>2</u>	<u>1</u>	<u>1</u>	<u>0</u>
Total	213	100	105	8
Percent	100.0%	47.0%	49.3%	3.7%

Deterioration of Curbs and Gutters.

Sections of curbs and gutters which include broken or missing sections of low, depressed curb areas are present in fifteen (15) of the thirty-eight (38) blocks in the Added Project Area.

Deterioration of Street Pavement.

Sections of deteriorated asphalt street pavement include cracked areas, areas with depressions from previous excavations and areas with pot holes. Street sections affected by these conditions include a two (2) block section along Van Buren Street; a section of Wabash Avenue near Roosevelt University; and an area at the intersections of Washington Street and Michigan Avenue, Randolph Street and Michigan Avenue and Wacker Drive and Michigan Avenue.

Conclusion.

Deterioration as a factor is present to a major extent in the Added Project Area. A total of one hundred thirteen (113) buildings, or fifty-three and zero-tenths percent (53.0%) of the two hundred thirteen (213) buildings in the Added Project Area, are classified as deteriorating or deteriorated. Thirty-two (32) of the thirty-eight (38) blocks in the Added Project Area contain deteriorating or deteriorated buildings. Deterioration as a factor is also found in deteriorating and deteriorated alleys and sidewalks in the Added Project Area.

Figure 6, Deterioration, illustrates deterioration within the Added Project Area.

E. Illegal Use Of Individual Structures.

Illegal use of individual structures refers to the presence of uses or activities which are not permitted by law.

Conclusion.

No illegal uses of individual structures were evident from the field surveys conducted.

F. Presence Of Structures Below Minimum Code Standards.

Structures below minimum code standards include all structures which do not meet the standards of subdivision, building, housing, property maintenance, fire, or other governmental codes applicable to the property. The principal purposes of such codes are to require buildings to be constructed so that they will be strong enough to support the loads expected from the type of occupancy, to be safe for occupancy against fire and similar hazards, and/or to establish minimum standards essential for safe and sanitary habitation. Structures below minimum code are characterized by defects or deficiencies which threaten health and safety.

The presence of structures below minimum code standards as a factor was determined based upon the interior surveys of seventy (70) sample buildings. Forty-two (42) of the seventy (70) buildings surveyed on the interior were found to lack safety provisions as required by the City's fire and buildings codes. An additional five (5) buildings with advanced deterioration on the exterior are also below the minimum code standards for existing buildings. The following conditions were found to be in non-compliance:

- Lack of A.D.A. (Americans with Disabilities Act) requirements, including undersized lobbies and elevators; elevators without floor identification for the visually impaired; restrooms without proper access width, special hardware, or which are four (4) to seven (7) inches above the finished floor level; corridors and doors which do not meet minimum widths; and narrow stairs and winders.
- Low floor capacity of seventy (70) pounds per square foot or elevator capacity of less than two thousand five hundred (2,500) pounds.
- Insufficient number of required exits; exits through habitable rooms or restrooms; or exits to fire escapes through other rooms.
- Open stairs or enclosed stairs without proper B-label fire rated doors or lack of panic hardware and closers.
- Lack of or inoperable systems of sprinklers or fire alarms.
- Old, brittle, hazardous, cloth-cased wiring.

Additional buildings within the Added Project Area may also be below minimum code standards but were not observed on the interior as part of the sample interior surveys. Forty-two (42) of the seventy (70) buildings

surveyed on the interior exhibited conditions of structures below minimum code standards.

Conclusion.

The factor of structures below minimum code standards is present to a major extent in the Added Project Area. Forty-two (42) of the buildings surveyed on the interior and five (5) buildings with advanced exterior defects are below minimum code standards. Buildings below minimum code standards are found in twenty-two (22) of the thirty eight (38) blocks in the Added Project Area.

Figure 7, Structures Below Minimum Code, illustrates buildings and site improvements which are below minimum code standards.

G. Excessive Vacancies.

Excessive vacancies as a conservation factor refers to presence of buildings or sites which are unoccupied or not fully utilized and which present adverse influence on the surrounding area because of the frequency or duration of vacancies. Excessive vacancies include properties for which little evidence exists for future occupancy or utilization. Excessive vacancies are found throughout much of the Added Project Area and are especially prevalent in office, retail and service commercial buildings.

Information regarding vacancy rates of individual buildings was obtained from the Goodman-Williams Group, commercial office guides and property tax appeal files and was supplemented and updated by interior and exterior building surveys conducted by T.P.A.P. and Andrew Heard & Associates. For the seventy (70) interior sampled buildings, vacant space was further determined based on observations of vacant floor areas and tenant space and discussions with building employees and building management. Generally, the result of the interior surveys confirmed the vacancy data obtained from the commercial office guides and property tax appeal records. However, since the data obtained from commercial office guides and property tax appeal records were at least six (6) months to one (1) year old, vacancy rates observed in interior and exterior surveys conducted by T.P.A.P. and Andrew Heard & Associates may differ from vacancy rates contained in the commercial office guides and property tax appeal records. Where differences in vacancy rates occurred and the actual vacancy rate of a building was uncertain, the more conservative (i.e. lower) vacancy rate was used.

Competitive Office Buildings.

Vacancy rates of "competitive" office buildings (office buildings with more than one hundred thousand (100,000) square feet) in the Added Project Area have been increasing since 1988. The fifteen (15) Class A and B buildings in the Added Project Area had a combined vacancy rate of nine percent (9%) in 1988. The vacancy rate increased steadily to nineteen percent (19%) in 1995. Vacancy trends for the forty-two (42) Class C buildings in the Added Project Area show an even more troubling trend. In 1988, the vacancy rate in these Class C buildings was sixteen percent (16%). By 1995, the rate had increased to twenty-nine percent (29%). Nearly one third ($\frac{1}{3}$) of the space in these Class C buildings stands vacant. Ten (10) Class C buildings in the Added Project Area currently have vacancy rates of fifty percent (50%) or more. In contrast, in 1988 only one (1) building was more than fifty percent (50%) vacant.

Consistent with rising vacancy rates, absorption of space has been negative for the office buildings in the Added Project Area for every year since 1988. Absorption, which measures the net change in occupied square feet, is the best indicator of demand for space. Negative absorption indicates that more tenants are leaving the area than are moving into it. In 1995, absorption in the Added Project Area was negative eighty-five thousand three hundred forty-nine (-85,349) square feet, while absorption for the downtown was positive six hundred seventy-nine thousand six hundred two (679,602) square feet. In 1994, absorption in the Added Project Area was negative one hundred sixty-six thousand seven hundred sixty-eight (-166,768) square feet, while absorption for the downtown was positive two million nine hundred fourteen thousand forty-two (2,914,042) square feet.

Relative to the Chicago metropolitan area as a whole and to much of the national office market, downtown Chicago's office vacancy rate is excessive. Relative to downtown Chicago, the Added Project Area's office vacancy rate is excessive. This study assumes that office buildings in the Added Project Area which are twenty percent (20%) or more vacant -- nearly two (2) percentage points above downtown Chicago's June, 1996 vacancy rate of eighteen percent (18%) -- reflect excessive vacancies as a conservation factor.

Retail, Commercial Service And Smaller Office Buildings.

Comparative vacancy figures for smaller (non "competitive") office buildings and commercial service and retail buildings are difficult to obtain. T.P.A.P.'s analysis assumes that, as in the case of competitive office buildings, vacancy rates which equal or exceed twenty percent (20%) within these smaller buildings in the Added Project Area reflect excessive vacancies as a conservation factor.

Conclusion.

Tax appeal records and interior surveys indicate that twelve (12) buildings (five and six-tenths percent (5.6%) of all buildings in the Added Project Area) are entirely vacant; only one (1) of these buildings appears to be in the process of being renovated. Fourteen (14) buildings (six and six-tenths percent (6.6%) of all buildings in the Added Project Area) are between eighty percent (80%) and ninety-nine percent (99%) vacant. Twenty-one (21) buildings (nine and nine-tenths percent (9.9%) of all buildings in the Added Project Area) are between sixty percent (60%) and seventy-nine percent (79%) vacant. Twenty-four (24) buildings (eleven and three-tenths percent (11.3%) of all buildings in the Added Project Area) are between forty percent (40%) and fifty-nine percent (59%) vacant. Thirty-six (36) buildings (sixteen and nine-tenths percent (16.9%) of all buildings in the Added Project Area) are twenty percent (20%) and thirty-nine percent (39%) vacant. In addition, the south one-half ($\frac{1}{2}$) of the block bounded by Dearborn, Monroe, State and Adams Streets has remained undeveloped since the demolition of its improvements in 1985.

While vacancy rates within many segments of the Chicago metropolitan office market have improved over the last few years, vacancy rates within the Added Project Area have not. The Added Project Area has an eight (8) year history of negative absorption in competitive office space and contains more than seventy-five (75) smaller office, retail service and retail buildings which are twenty percent (20%) or more vacant. In addition, many buildings contain above-grade office or retail space which is unusable or usable only for storage and for which there are no apparent plans for rehabilitation or renovation.

The factor of excessive vacancies is present to a major extent in the Added Project Area. Of the total two hundred thirteen (213) buildings, one hundred seven (107) or fifty and two tenths percent (50.2%), contain vacant floor areas of twenty percent (20%) or more. Thirty (30) of the thirty-eight (38) blocks in the Added Project Area contain buildings with excessive vacancies.

Figure 8, Excessive Vacancies, illustrates buildings in the Added Project Area which are twenty percent (20%) or more vacant.

H. Overcrowding Of Structures And Community Facilities.

Overcrowding of structures and community facilities refers to the utilization of public or private buildings, facilities, or properties beyond their reasonable or legally permitted capacity. Overcrowding is frequently found in buildings originally designed for a specific use and later converted to accommodate a more intensive use of activities without adequate provision for minimum floor area requirements, privacy, ingress and egress, loading and services, capacity of building systems, etc..

Conclusion.

No conditions of overcrowding of structures and community facilities have been documented as part of the exterior surveys and analyses undertaken within the Added Project Area.

I. Lack Of Ventilation, Light, Or Sanitary Facilities.

Lack of ventilation, light, or sanitary facilities refers to substandard conditions which adversely affect the health and welfare of building occupants, e.g., residents, employees, or visitors. typical requirements for ventilation, light, and sanitary facilities include:

- adequate mechanical ventilation for air circulation in spaces/rooms without windows, i.e., bathrooms and dust, odor or smoke producing activity areas;
- adequate natural light and ventilation by means of skylights or windows or interior rooms/spaces, and proper window sizes and amounts by room area to window area ratios; and
- adequate sanitary facilities, i.e., garbage storage/enclosure, bathroom facilities, hot water, and kitchens.

Conclusion.

The factor of lack of ventilation, light, or sanitary facilities is not documented as part of this eligibility study.

J. Inadequate Utilities.

Inadequate utilities refers to deficiencies in the capacity or condition of infrastructure which services a property or area, including, but not limited to, storm drainage, water supply, electrical power, streets, sanitary sewers, gas and electricity.

Conclusion.

No conditions of inadequate utilities have been documented as part of the exterior surveys and analyses undertaken within the Added Project Area.

K. Excessive Land Coverage.

Excessive land coverage refers to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Problem conditions include buildings either improperly situated on the parcel or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety. The resulting inadequate conditions include such factors as insufficient provision for light and air, increased threat of spread of fires due to close proximity to nearby buildings, lack of adequate or proper access to a public right-of-way, lack of required off-street parking, and inadequate provision for loading and service. Excessive land coverage conditions have an adverse or blighting effect on nearby development.

While lot coverage, building setback, front, side or rear yard requirements may not comply with current zoning practices of the City, the Added Project Area developed prior to existing requirements and is consistent with older, developed sections of the greater Loop area.

Conclusion.

No conditions of excessive land coverage have been documented as part of the survey and analysis undertaken within the area.

L. Deleterious Land-Use Or Layout.

Deleterious land-uses include all instances of incompatible land-use relationships, buildings occupied by inappropriate mixed uses or uses which may be considered noxious, offensive or environmentally unsuitable.

Deleterious layout includes evidence of improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to meet contemporary development standards. It also includes evidence of improper layout of buildings on parcels and in relation to other buildings.

Conclusion.

While deleterious layout is described in the "Obsolescence" and "Lack of Community Planning" sections of this study, the factor of deleterious land-use was not found to be sufficiently present throughout the Added Project Area to be documented as part of this study.

M. Depreciation Of Physical Maintenance.

Depreciation of physical maintenance refers to the effects of deferred maintenance and the lack of maintenance of buildings, parking areas and public improvements such as alleys, sidewalks and streets.

The presence of this factor within the Added Project Area includes:

- Buildings. Of the two hundred thirteen (213) buildings in the Added Project Area, one hundred thirteen (113) suffer from deferred maintenance of windows, doors, store fronts, exterior walls and related decorative stone or terra cotta facade material, cornices, fire escapes, steps, loading docks, roof areas, fascias and mechanical systems.
- Streets, alleys, sidewalks, curbs and gutters. Deteriorated sections of these public improvements are present in twenty-one (21) of the thirty-eight (38) blocks in the Added Project Area.

Conclusion.

The depreciation of physical maintenance of buildings and site improvements as a factor is present to a major extent in the Added Project Area. One hundred thirteen (113) of the two hundred thirteen (213) buildings in the Added Project Area suffer from deferred maintenance and twenty-one (21) of the thirty-eight (38) blocks in the Added Project Area contain deteriorated sections of streets, alleys, sidewalks, curbs or gutters. Thirty-three (33) blocks in the Added Project Area contain buildings or site improvements which show the depreciation of physical maintenance.

Figure 9, Depreciation of Physical Maintenance, illustrates the presence of the factor in the Added Project Area.

N. Lack Of Community Planning.

The Added Project Area was developed more than eighty (80) years ago prior to the existence of a community plan. The blocks in and around the Added Project Area were originally platted and developed on a parcel-by-parcel and building-by-building basis with little evidence of coordination and planning among buildings and activities. The lack of community planning prior to the development of the area has contributed to some of the problem conditions described throughout this study which characterize the entire Added Project Area.

Lack of community planning is present throughout the Added Project Area. The Added Project Area consists of small, congested blocks with a disproportionate and excessive amount of area devoted to street and alley

right-of-way. Of the total one hundred thirty-eight and nine-tenths (138.9) acres in the Added Project Area, approximately sixty-six and nineteen one-hundredths (66.19) acres are devoted to streets and alleys and seventy-two and seven tenths (72.7) acres remain for development. Five (5) blocks are very narrow and contain long, narrow buildings as a result. These blocks include the blocks separated from adjacent blocks by Federal Street and Plymouth Court, two (2) partial streets which are similar in width to most downtown alleys. Seven (7) blocks do not contain alleys to allow access to the rear of all buildings. Loading and delivery and servicing of buildings is extremely difficult during peak delivery hours, with delivery trucks blocking alleys, forcing other vehicles to double park on adjacent streets, or servicing buildings by over the sidewalk loading and delivery. Loading docks are limited to the larger buildings only. Several alleys and small sections of alleys between buildings are narrow, resulting in building damage to exterior walls. On some of the older blocks located along State Street, Wabash Street, Lake Street and Franklin Street, buildings are narrow and abut each other which reduces the availability of light and ventilation due to the lack of windows along the length of the entire building. Center light wells are limited within these older block sections.

Conclusion.

The lack of community planning is present to a major extent throughout the entire Added Project Area.

IV.

Determination Of Added Project Area Eligibility.

The Added Project Area meets the requirements of the Act for designation as a "conservation area". Over fifty percent (50%) of the buildings are thirty-five (35) years in age or older. Of the total two hundred thirteen (213) buildings in the Added Project Area, one hundred ninety-two (192) (ninety and one-tenth percent (90.1%)) are thirty-five (35) years of age or older. In addition to age, there is a reasonable presence and distribution of seven (7) of the fourteen (14) factors listed in the Act for improved areas. These conservation factors include the following:

1. Dilapidation.
2. Obsolescence.
3. Deterioration.
4. Structures below minimum code standards.

- 5. Excessive vacancies.
- 6. Depreciation of physical maintenance.
- 7. Lack of community planning.

A summary of conservation factors by block is contained in Table 2, Distribution of Conservation Factors and in Figure 10, Summary of Conservation Factors.

The eligibility findings indicate that the Added Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social well-being of the City. The Added Project Area is not yet a blighted area but is deteriorating and declining and may become a blighted area. All factors indicate that the Added Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action.

Table 2.
Distribution Of Conservation Factors.
Central Loop Added Project Area.

Conservation Factors	Block Numbers									
	100	101	102	103	104	105	106	107	108	
Age	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other Factors:										
1. Dilapidation			<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>			
2. Obsolescence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>

Not present or not examined

Present to a limited extent

Present to a major extent.

Conservation Factors	Block Numbers									
	100	101	102	103	104	105	106	107	108	
3. Deterioration	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
4. Illegal use of individual structures										
5. Structures below minimum code	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	
6. Abandonment										
7. Excessive vacancies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
8. Overcrowding of structures and community facilities										
9. Lack of ventilation, light or sanitary facilities										
10. Inadequate utilities										
11. Excessive land coverage										
12. Deleterious land-use or layout										
13. Depreciation of physical maintenance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
14. Lack of community planning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

Not present or not examined

Present to a limited extent.

Present to a major extent.

Conservation Factors	Block Numbers							
	109	206	213	224/225	233	234	235	243
Age	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other Factors:								
1. Dilapidation			<input type="checkbox"/>			<input type="checkbox"/>		<input type="checkbox"/>
2. Obsolescence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3. Deterioration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Illegal use of individual structures								
5. Structures below minimum code	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Abandonment								
7. Excessive vacancies	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8. Overcrowding of structures and community facilities								
9. Lack of ventilation, light or sanitary facilities								
10. Inadequate utilities								
11. Excessive land coverage								
12. Deleterious land-use or layout								
13. Depreciation of physical maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Not present or not examined.

Present to a limited extent.

Present to a major extent.

Block Numbers

Conservation Factors	109	206	213	224/225	233	234	235	243
14 Lack of community planning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Block Numbers

Conservation Factors	244	245	246	247	300	301	302	303	305
Age		<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other Factors:									
1. Dilapidation									
2. Obsolescence		<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3. Deterioration			<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
4. Illegal use of individual structures									
5. Structures below minimum code			<input type="checkbox"/>		<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	
6. Abandonment									
7. Excessive vacancies		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input type="checkbox"/>	
8. Overcrowding of structures and community facilities									
9. Lack of ventilation, light or sanitary facilities									

Not present or not examined

Present to a limited extent.

Present to a major extent.

		Block Numbers								
Conservation Factors		244	245	246	247	300	301	302	303	305
10	Inadequate utilities									
11	Excessive land coverage									
12	Deleterious land-use or layout									
13.	Depreciation of physical maintenance			<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	Lack of community planning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

		Block Numbers							
Conservation Factors		306	309/310	311	312	416	418	429	430/431
Age		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other Factors:									
1.	Dilapidation								
2.	Obsolescence	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3.	Deterioration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.	Illegal use of individual structures								
5	Structures below minimum code	<input type="checkbox"/>	<input type="checkbox"/>						<input checked="" type="checkbox"/>
6	Abandonment								

Not present or not examined.

Present to a limited extent.

Present to a major extent.

Block Numbers

Conservation Factors	306	309/310	311	312	416	418	429	430/431
7 Excessive Vacancies	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
8. Overcrowding of structures and community facilities								
9 Lack of ventilation, light or sanitary facilities								
10. Inadequate utilities								
11. Excessive land coverage								
12 Deleterious land-use or layout								
13. Depreciation of physical maintenance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
14. Lack of community planning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Block Numbers

Conservation Factors	433	443	445	463/464
Age	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Other Factors:

1. Dilapidation

Not present or not examined

Present to a limited extent

Present to a major extent

		Block Numbers			
		433	443	445	463/464
2	Obsolescence	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input checked="" type="checkbox"/>
3	Deterioration	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4.	Illegal use of individual structures				
5	Structures below minimum code				<input type="checkbox"/>
6.	Abandonment				
7.	Excessive vacancies	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
8.	Overcrowding of structures and community facilities				
9.	Lack of ventilation, light or sanitary facilities				
10.	Inadequate utilities				
11.	Excessive land coverage				
12.	Deleterious land-use or layout				
13.	Depreciation of physical maintenance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
14.	Lack of community planning	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Not present or not examined

Present to a limited extent

Present to a major extent

Exhibit "B".

State of Illinois)
)SS:
County of Cook)

Certificate.

I, Darlene Cowan, the duly authorized, qualified and Assistant Secretary of the Community Development Commission of the City of Chicago, and the custodian of the records thereof, do hereby certify that I have compared the attached copy of a resolution adopted by the Community Development Commission of the City of Chicago at a regular meeting held on the 10th day of December, 1996, with the original resolution adopted at said meeting and recorded in the minutes of the Commission, and do hereby certify that said copy is a true, correct and complete transcript of said resolution.

Dated this 11th day of December, 1996.

(Signed) Darlene Cowan
 Assistant Secretary

(Continued on page 38389)

(Continued from page 38378)

Resolution 96-CDC-81 referred to in this Certificate reads as follows:

*Community Development Commission
Of The
City Of Chicago
Resolution Number 96-CDC-81
Recommending To The City Council Of
The City Of Chicago
For The Proposed
Expansion Of The North Loop
Redevelopment Project Area:

Approval Of
A Redevelopment Plan,

Designation Of
A Redevelopment Project Area*

And

Adoption Of Tax Increment Allocation Financing.

Whereas, The Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council ("City Council"), referred to herein collectively with the Mayor as (the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation

Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (1993) (the "Act"); and

Whereas, The Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Act, including the holding of certain public hearings required by the Act; and

Whereas, On June 20, 1984, the City Council adopted ordinances approving a Redevelopment Plan and Project for the North Loop Tax Increment Redevelopment Project Area (the "Original Area"), designating the Original Area as a redevelopment project area under the Act, and adopting tax increment allocation financing for the Original Area; and

Whereas, Staff of the City's Department of Planning and Development has conducted or caused to be conducted certain investigations, studies and surveys of the proposed addition of real estate and the improvements thereon (the "Added Project Area") to the Original Area (such area, including the Added Project Area, will be known as the Central Loop Redevelopment Project Area and is referred to herein as the "Area"), the street boundaries of which are described on (Sub)Exhibit A hereto, to determine the eligibility of the Added Project Area as a redevelopment project area as defined in the Act (a "Redevelopment Project Area") and for tax increment allocation financing pursuant to the Act ("Tax Increment Allocation Financing"), and previously has presented the following document to the Commission for its review:

Central Loop Tax Increment Financing Redevelopment Project and Plan (the "Plan") attached hereto as (Sub)Exhibit B (which has the Central Loop Added Project Area Tax Increment Financing Eligibility Study attached as an exhibit); and

Whereas, Prior to the adoption by the Corporate Authorities of ordinances approving a redevelopment plan, designating an area as a Redevelopment Project Area or adopting Tax Increment Allocation Financing for an area, it is necessary that the Commission hold a public hearing (the "Hearing") pursuant to Section 5/11-74.4-5(a) of the Act, convene a meeting of a joint review board (the "Board") pursuant to Section 5/11-74.4-5(b) of the Act, set the dates of such Hearing and Board meeting and give notice thereof pursuant to Section 5/11-74.4-6 of the Act; and

Whereas, The Plan was made available for public inspection and review beginning at 10:00 A.M. on October 24, 1996, being at a time prior to the adoption by the Commission of Resolution 96-CDC-69 at 1:30 P.M. on October 24, 1996, fixing the time and place for the Hearing, at City Hall, 121 North LaSalle Street, Chicago, Illinois, in the following offices: City Clerk, Room 107 and Department of Planning and Development, Room 1000; and

Whereas, Notice of the Hearing by publication was given at least twice, the first publication being on November 18, 1996, a date which is not more than thirty (30) nor less than ten (10) days prior to the Hearing, and the second publication being on November 26, 1996, both in the *Chicago Sun-Times*, being a newspaper of general circulation within the taxing districts having property in the Area; and

Whereas, Notice of the Hearing was given by mail to taxpayers by depositing such notice in the United States mail by certified mail addressed to the persons in whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Area, on November 29, 1996, being a date not less than ten (10) days prior to the date set for the Hearing; and where taxes for the last preceding year were not paid, notice was also mailed to the persons last listed on the tax rolls as the owners of such property within the preceding three (3) years; and

Whereas, Notice of the Hearing was given by mail to the Illinois Department of Commerce and Community Affairs ("D.C.C.A.") and members of the Board (including notice of the convening of the Board), by depositing such notice in the United States mail by certified mail addressed to D.C.C.A. and all Board members, on October 25, 1996, being a date not less than forty-five (45) days prior to the date set for the Hearing; and

Whereas, Notice of the Hearing and copies of the Plan were sent by mail to taxing districts having taxable property in the Area, by depositing such notice and documents in the United States mail by certified mail addressed to all taxing districts having taxable property within the Area, on October 25, 1996, being a date not less than forty-five (45) days prior to the date set for the Hearing; and

Whereas, The Hearing was held on December 10, 1996 at 2:00 P.M. at City Council Chambers, City Hall, 121 North LaSalle Street, Chicago, Illinois, as the official public hearing, and testimony was heard from all interested persons or representatives of any affected taxing district present at the Hearing and wishing to testify, concerning the Commission's recommendation to City Council regarding approval of the Plan, designation of the Added Project Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

Whereas, The Board meeting was convened on November 4, 1996 at 10:00 A.M. (being a date no more than fourteen (14) days following the mailing of the notice to all taxing districts on October 25, 1996) in Room 1003A, City Hall, 121 North LaSalle Street, Chicago, Illinois, to consider its advisory recommendation regarding the approval of the Plan, designation of the Added Project Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

Whereas, The Commission has reviewed the Plan, considered testimony from the Hearing, if any, the recommendation of the Board, if any, and such

other matters or studies as the Commission deemed necessary or appropriate in making the findings set forth herein and formulating its decision whether to recommend to City Council approval of the Plan, designation of the Added Project Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; now, therefore,

Be It Resolved by the Community Development Commission of the City of Chicago:

Section 1. The above recitals are incorporated herein and made a part hereof.

Section 2. The Commission hereby makes the following findings pursuant to Section 5/11-74.4-3(n) of the Act or such other section as is referenced herein:

a. the Added Project Area on the whole has not been subject to growth and development through investment by private enterprise and would not reasonably be expected to be developed without the adoption of the Plan;

b. the Plan:

(i) conforms to the comprehensive plan for the development of the City as a whole; or

(ii) the Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the Chicago Plan Commission or (B) includes land-uses that have been approved by the Chicago Plan Commission;

c. the Plan meets all of the requirements of a redevelopment plan as defined in the Act and, as set forth in the Plan, the estimated date of completion of the projects described therein and retirement of all obligations issued to finance redevelopment project costs is not more than twenty-three (23) years from the date of the adoption of the ordinance approving the designation of the Original Area as a redevelopment project area, and, as required pursuant to Section 5/11-74.4-7 of the Act, no such obligation shall have a maturity date greater than twenty (20) years;

d. the Added Project Area would not reasonably be expected to be developed without the use of incremental revenues pursuant to the Act;

e. the Added Project Area includes only those contiguous parcels of real property and improvements thereon that are to be substantially benefited by proposed Plan improvements, as required pursuant to Section 5/11-74.4-4(a) of the Act; and

f. as required pursuant to Section 5/11-74-4.3(p) of the Act:

(i) the Added Project Area is not less, in the aggregate, than one and one-half (1½) acres in size; and

(ii) conditions exist in the Added Project Area that cause the Added Project Area to qualify for designation as a redevelopment project area and a conservation area as defined in the Act.

Section 3. The Commission recommends that the City Council approve the Plan pursuant to Section 5/11-74.4-4 of the Act.

Section 4. The Commission recommends that the City Council designate the Added Project Area as a Redevelopment Project Area pursuant to Section 5/11-74.4-4 of the Act.

Section 5. The Commission recommends that the City Council adopt Tax Increment Allocation Financing within the Area.

Section 6. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.

Section 7. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.

Section 8. This resolution shall be effective as of the date of its adoption.

Section 9. A certified copy of this resolution shall be transmitted to the City Council.

Adopted: December 10, 1996.

[(Sub)Exhibit "A" referred to in this Resolution 96-CDC-81 constitutes Exhibit D to the ordinance and is printed on pages 38399 and 38400 of this Journal.]

[(Sub)Exhibit "B" referred to in this Resolution 96-CDC-81 constitutes Exhibit A to the ordinance and is printed on pages 38265 through 38387 of this Journal.]

Exhibit "C".

Legal Description Of North Loop Area.

Redevelopment Project Area Legal Description.

A tract of land consisting of lots and blocks or parts thereof and streets and alleys of Blocks 16, 17, 35, 36, 37 and 58 in the Original Town of Chicago in the east part of the southeast quarter of Section 9, Township 39 North, Range 14 and part of Blocks 8 and 9 in Fort Dearborn Addition to Chicago in the southwest fractional quarter of Section 10, Township North, Range 14 East of the Third Principal Meridian, in the City of Chicago, County of Cook, State of Illinois and bounded as follows:

beginning at the intersection of the south line of West Lake Street and the west line of North LaSalle Street; thence north along the west line of North LaSalle Street to the north line extended west of West Haddock Place; thence east along said line to the west line of North Clark Street; thence north along said west line to the northerly line of West Wacker Drive as said northerly line was established by ordinance passed by the City Council of the City of Chicago on December 15, 1919; thence east along said northerly line of West Wacker Drive to the east line of North State Street; thence south along said east line to the north line of West Haddock Place; thence east along said line to the east line of Lot 28 extended north of Block 8 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 28 as aforesaid to the north line of East Lake Street; thence east along said north line to the east line of Lot 10 extended north of Block 9 in Fort Dearborn Addition to Chicago as aforesaid; thence south along the east line of Lot 10 as aforesaid to the north line of East Benton Place; thence east along said north line to the east line of North Wabash Avenue; thence south along said line to the south line of East Randolph Street; thence west along said south line to the east line of North State Street; thence south along said east line to the south line extended east of Lot 1 of Assessor's Resubdivision of Lots 1 to 5 in Block 58 in Assessor's Division of the Original Town of Chicago as aforesaid; thence west along said extended line to the west line of said Lot 1; thence north along said line to the south line of West Washington Street; thence west along said south line to the west line of North Dearborn Street; thence north along said west line to the south line of West Randolph Street; thence west along said south line to the west line of North Clark Street; thence north along said west line to the south line of West Lake Street; thence west along said south line to the place of beginning.

Legal Description Of Added Area.

The boundaries of the Added Project Area are legally described as follows:

Subarea 1.

A tract of land comprised of all or parts of Blocks 19, 20, 31, 32, 33, 40 and 41 in the Original Town of Chicago, together with parts of streets and alleys adjoining said blocks, in the south half of Section 9, Township 39 North, Range 14 East of the Third Principal Meridian, which tract is more particularly described as follows:

beginning at the intersection of the west line of North LaSalle Street, as widened, with the north line of Block 33; thence west along said north line (being also the south line of West Lake Street) to the west line of said block; thence south along said west line (being also the east line of North Wells Street) to the north line of West Couch Place; thence east along said north line to an intersection with the northward extension of the west line of Lot 7 in Block 33; thence south along said extension, and along said west line, to the south line of said block; thence east along said south line (being also the north line of West Randolph Street) and along the eastward extension of said south line, to an intersection with the northward extension of the west line of Block 39 in the Original Town of Chicago; thence south along said extension, and along said west line (being also the east line of North LaSalle Street) to an intersection with the eastward extension of the south line of West Court Place; thence west along said extension and along said south line to the west line of Block 40 aforesaid; thence west, crossing North Wells Street, to the northeast corner of Lot 8 in Block 41 aforesaid; thence west along the north line of said lot to an intersection with the southward extension of the west line of Lot 1 in said block; thence north along said extension and along said west line, to the north line of Block 41; thence west along said north line (being also the south line of West Randolph Street) to the northwest corner of said block; thence west, crossing North Franklin Street, to the northeast corner of Block 42 in the Original Town of Chicago; thence west along the north line of said Block 1 (being also the south line of West Randolph Street) to an intersection with the southward extension of the west line of the east 20 feet of Lot 7 in Block 31 aforesaid; thence north along said extension and along said west line, to the north line of West Couch Place; thence east along said north line to the east line of Block 31; thence north along said east line (being also the west line of North Franklin Street) and along the

northward extension of said east line to an intersection with the westward extension of the south line of Block 20 aforesaid; thence east along said extension, and along said south line (being also the north line of West Lake Street) to the west line of North Post Place; thence north along said west line and along the northward extension thereof, to an intersection with the westward extension of the north line of West Haddock Place; thence east along said extension and along said north line to the east line of Block 20; thence east, crossing North Wells Street, to the intersection of the west line of Block 19 aforesaid with the north line of West Haddock Place; thence east along said north line to an intersection with the west line of North LaSalle Street as widened; thence south along said west line to the south line of Block 19; thence south, crossing West Lake Street, to the point of beginning, in the City of Chicago, Cook County, Illinois.

Subarea 2.

A tract of land comprised of part of Block 58 and parts of adjacent streets and alleys in the Original Town of Chicago in Section 9, together with all or parts of Blocks 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14 and 15 and parts of adjacent streets and alleys in Fort Dearborn Addition to Chicago in Section 10, and all or parts of Blocks 1 through 10, and all or parts of Blocks 1 through 10, inclusive, and parts of adjacent streets and alleys in Fractional Section 15 Addition to Chicago, and all or parts of Blocks 113, 114, 120, 122, 123, 124, 137, 138, 139, 140, 141 and 142 in School Section Addition to Chicago, all in Township 39 North, Range 14 East of the Third Principal Meridian, which tract of land is more particularly described as follows:

beginning at the northwest corner of Block 8 in Fort Dearborn Addition to Chicago in Section 10 aforesaid; thence east along the north line of said block (being also the south line of East Wacker Drive) to the northeast corner of Lot 6 in said block; thence south along the east line of said lot to the north line of East Haddock Place; thence west along said north line to an intersection with the northward extension of the east line of Lot 28 in Block 8; thence south along said extension, and along said east line, to the south line of said block; thence east along said south line (being also the north line of East Lake Street) to an intersection with the northward extension of the east line of Lot 10 in Block 9 of Fort Dearborn Addition to Chicago; thence south along said extension, and along said east line to the north line of East Benton Place; thence east along said north line, and along the eastward extension thereof, to an intersection with the northward extension of the west line of the south part of Block 10 in Fort Dearborn Addition to Chicago; thence south along said extension, and along said west line (being also the east line of North Wabash Avenue) and along the southward extension thereof, to an

intersection with the eastward extension of the north line of Block 13 in said Fort Dearborn Addition; thence west along said extension to the northeast corner of said Block 13; thence south along the east line of said block (being also the west line of North Wabash Avenue) to the southeast corner of said block; thence west along the south line of said block (being also the north line of East Washington Street) to an intersection with the northward extension of the west line of Block 14 in Fort Dearborn Addition; thence south along said extension, and along said west line (being also the east line of North State Street) to an intersection with the eastward extension of the south line of Lot 1 in Assessor's Resubdivision of Sublots 1 to 5 of Assessor's Division of Lots 1, 2, 3, 4 and 5 of Block 58 in the Original Town of Chicago aforesaid; thence west along said extension, crossing North State Street and entering Section 9 aforesaid, and continuing along said south line of said Lot 1, to the southwest corner of said lot; thence north along the west line of said lot to the north line of Block 58; thence west along said north line (being also the south line of West Washington Street) to the northwest corner of Lot 7 in Assessor's Division of Lots 1, 2, 3, 4 and 5 of Block 58; thence south along the west line of said lot to the north line of West Calhoun Place; thence west along said north line, and along the westward extension thereof, to an intersection with the northwest extension of the east line of the south part of Block 57 in the Original Town of Chicago aforesaid; thence south along said extension and along said east line (being also the west line of North Dearborn Street) and along the southward extension of said east line to the southeast corner of said Block 57; thence southward, crossing West Madison Street and entering Section 16, to the northeast corner of Block 119 in School Section Addition aforesaid; thence south along the east line of said block (being also the west line of South Dearborn Street) to an intersection with the westward extension of the north line of Lot 20 in the subdivision of Block 142 in said School Section Addition; thence east along said extension, and along said north line, to the northeast corner of said lot; thence south along the east line of Lots 20 through 27, inclusive, in said subdivision, and along the southward extension thereof, to an intersection with the north line of Block 141 in School Section Subdivision aforesaid; thence east along said north line (being also the south line of West Monroe Street) to the northwest corner of the east half of Lot 3 in said Block 141; thence south along the west line of the east half of said lot to the north line of West Marble (hydraulic) Place; thence west along said north line, and the westward extension thereof, to an intersection with the northward extension of the east line of Lot 20 in County Clerk's Division of Block 120 in School Section Addition; thence south along said extension, and along said east line (being also the west line of South Dearborn Street) and along the southward extension of said east line, to an intersection with the westward extension of the north line of Block 140 in School Section Addition; thence east along said extension and along said north line (being also the south line of West Adams Street) to an intersection

with the west line of the east 25 feet of Lot 5 in the subdivision of Blocks 83, 92 and 140 in School Section Addition; thence south along said west line to an intersection with the westward extension of the south line of the alley in the subdivision of Lots 3 and 4 in said Block 140; thence east along said extension and along said south line to an angle point; thence southeastwardly along a southwesterly line of said alley to an angle point; thence south along a west line of said alley and along the southward extension thereof, to an intersection with the north line of Lot 13 in the aforementioned subdivision of Blocks 83, 92 and 140; thence east along said north line (being also the south line of West Quincy Street) to the northeast corner of said Lot 13; thence south along the east line of said lot to the south line of Block 140; thence west along said south line (being also the north line of West Jackson Boulevard) and along the westward extension thereof, to an intersection with the northward extension of the east line of Lots 1, 4, 8, 11, 14, 17, 20 and 23 in Wright's Subdivision of Block 122 in School Section Addition; thence south along said extension, and along said east line (being also the west line of South Federal Street) to the southeast corner of said Lot 23; thence west along the south line of said Lot 23 and the westward extension thereof, and also along the south line of Lot 22 in Wright's Subdivision (being also the north line of West Van Buren Street) to the southwest corner of said Lot 22; thence west, crossing South Clark Street, to the southeast corner of Lot 22 in the subdivision of Block 115 of School Section Addition aforesaid; thence west along the south line of said Lot 22 and Lot 23 (being also the north line of West Van Buren Street) to the southwest corner of said Lot 23; thence west, crossing South LaSalle Street, to the southeast corner of that part of said street vacated by ordinance passed February 29, 1980, and recorded August 12, 1980, as Document Number 25545766; thence south along the southward extension of the east line of said vacation to an intersection with the north line of Lot 3 in the subdivision of Block 114 of School Section Addition; thence east along said north line (being also the south line of West Van Buren Street) to the northeast corner of said lot; thence south along the east line of Lots 3, 4, 9, 10, 15, 16, 21 and 22 (being also the west line of South LaSalle Street) to the southeast corner of said Lot 22; thence south, crossing West Congress Parkway as said expressway is defined by the general ordinance passed October 31, 1940, to the intersection of the east line of Lot 6 in T. G. Wright's Subdivision of Block 113 in School Section Addition with the south line of said West Congress Parkway; thence east along said south line to an intersection with the east line of Lot 9 (said east line being also the west line of South Plymouth Court) in C. L. and I. Harmon's Subdivision of Block 137 in School Section Addition; thence north, crossing West Congress Parkway, to the intersection of the east line of Lot 24 in T. G. Wright's Subdivision of Block 138 in School Section Addition with the north line of said expressway; thence east along the north line of said West Congress Parkway, and along the north line of East Congress Parkway,

entering into Section 15 aforesaid, to an intersection with the west line of Sublot 2 of Lot 10 in Canal Trustee's Subdivision of Block 10 of Fractional Section 15 Addition to Chicago; thence south along said west line to said north line of East Congress Parkway; thence east along said north line to the east line of South Michigan Avenue as widened; thence north along said widened line, entering Section 10 aforesaid, to an intersection with the north line of Block 6 in Fort Dearborn Addition aforesaid; thence east along said north line (being also the south line of East South Water Street) to an intersection with the southward extension of the east line of Lot 6 in Dyer's Subdivision of Lots 6, 7, 8, 9, 10 and 11 in Block 5 of Fort Dearborn Addition to Chicago; thence north along said extension, and along said east line, to the northeast corner of said lot; thence north, crossing a 20 foot wide alley, to a point on the south line of Lot 11 in Dyer's Subdivision which is 124.00 feet east of the southwest corner of said lot; thence north along a line 124.00 feet east from, and parallel with, the west line of aforementioned Block 5, to an intersection with the south line of Lot 5 in said block; thence north to a point on the north line of Lot 1 in said block which is 121.18 feet east from the northwest corner of said lot; thence continuing north along a northward extension of the last described line to an intersection with the northerly line of East Wacker Drive (River Street) as widened; thence westwardly, southwestwardly, north and southwestwardly along said northerly line, and along the southerly dock line of the Chicago River to an intersection with the northward extension of the west line of Block 8 of Fort Dearborn Addition aforesaid; thence south along said extension to the point of beginning; excepting from the above described tract Lots 19 through 25, inclusive, in Block 10 in Fort Dearborn Addition to Chicago; in the City of Chicago, Cook County, Illinois.

Exhibit "D".

Street Boundaries Of Area.

The Original North Loop Redevelopment Project Area is an irregularly shaped area generally bounded by Wacker Drive on the north, Wabash Avenue on the east, Washington Street on the south, and LaSalle Street on the west.

The Added Project Area consists of two (2) subareas which are contiguous to the Original North Loop Redevelopment Project Area. Subarea 1 is generally bounded by Franklin Street on the west, Haddock Place on the north, LaSalle Street on the east and Court Place on the south. Subarea 2 is generally bounded by Dearborn Street on the west, the Chicago River on the north, Michigan Avenue on the east, and Congress Parkway on the south.

Exhibit E

The Construction Contract(s) are in the files of the Department of Planning and Development.

EXHIBIT G

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

EXHIBIT H-1**PROJECT BUDGET**

<u>SOURCES</u>		<u>USES</u>	
Debt	\$18,750,000	Acquisition	\$13,429,083
Equity	\$ 2,558,030	Tenant improvements	\$ 3,017,638
TIF Grant	<u>\$ 2,030,000</u>	Life/Safety improvements	\$ 2,030,000
TOTAL PROJECT COSTS	\$23,338,030	New elevators & cab finishes	\$ 671,000
		Office lobby & entrance	\$ 300,000
		ADA improvements	\$ 100,000
		Roof replacement (office	\$ 227,000
		Misc. Repairs and capital items	\$ 520,000
		Corridor and elevator lobbies	\$ 232,000
		Contingency	\$ 100,000
		Associated soft costs	\$ 75,000
		Interest costs, deferred fees re:	\$ 2,636,309
		TOTAL PROJECT COSTS	\$23,338,030

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

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

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

Very truly yours,

By: _____
Name: _____

EXHIBIT K

REQUISITION FORM

State of Illinois)
) SS
COUNTY OF COOK)

The affiant, _____, _____ of 330 South Michigan Avenue, L.L.C., an Illinois limited liability company (the "Developer"), being duly sworn on oath deposes and says that the Developer is the owner of the Property as defined in that certain Central Loop Redevelopment Agreement between the Developer and the City of Chicago dated _____, 2000 (the "Agreement") and that:

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

[Description]	\$ _____
Total	\$ _____

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

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

\$ _____

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

\$ _____

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

F. Attached are the following documents:

1. a certification as to the status of job creation in accordance with Section 8.06 of the Agreement; and
2. a report for the year ended _____, 2000 detailing compliance with Section 10.03 of the Agreement.

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

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

2. The Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens.

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

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

330 SOUTH MICHIGAN AVENUE, L.L.C.,
an Illinois limited liability company

By: _____
Name
Title: _____

Subscribed and sworn
before me this ___ day
of _____
2000.

My commission expires: _____

Agreed and accepted:

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

EXHIBIT L

1. Funeral Home
2. Any production, manufacturing, or industrial use of any kind or nature, except for production of products incidental to the retail sale thereof from the Total Project
3. Billiard room or pool hall, massage parlor, discotheque, dance hall, banquet hall, pornographic or "adult" bookstore, tattoo parlor;
4. Any use which creates a nuisance or materially increases noise or emission of dust, odor, smoke gases or materially increases fire, explosion or radioactive hazards in the Project
5. Flea Markets
6. Any use involving Hazardous Materials

c:\wptext\330sth.req