
2012 Annual Report

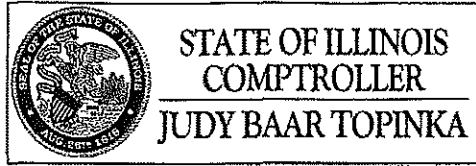
Madden/Wells Redevelopment Project Area



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

JUNE 30, 2013

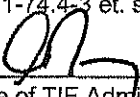
FY 2012
ANNUAL TAX INCREMENT FINANCE
REPORT



Name of Municipality: Chicago Reporting Fiscal Year: 2012
 County: Cook Fiscal Year End: 12/31/2012
 Unit Code: 016/620/30

TIF Administrator Contact Information			
First Name:	<u>Andrew J.</u>	Last Name:	<u>Mooney</u>
Address:	<u>City Hall 121 N. LaSalle</u>	Title:	<u>Administrator</u>
Telephone:	<u>(312) 744-0025</u>	City:	<u>Chicago, IL</u> Zip: <u>60602</u>
Mobile	<u>n/a</u>	E-mail	<u>TIFReports@cityofchicago.org</u>
Mobile Provider	<u>n/a</u>	Best way to contact	<input checked="" type="checkbox"/> Email <input type="checkbox"/> Phone <input type="checkbox"/> Mobile <input type="checkbox"/> Mail

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


 _____ June 28, 2013
 Written signature of TIF Administrator Date

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

FILL OUT ONE FOR EACH TIF DISTRICT		
Name of Redevelopment Project Area	Date Designated	Date Terminated
105th/Vincennes	10/3/2001	12/31/2025
111th Street/Kedzie Avenue Business District	9/29/1999	9/29/2022
119th and Halsted	2/6/2002	12/31/2026
119th/I-57	11/6/2002	12/31/2026
126th and Torrence	12/21/1994	12/21/2017
134th and Avenue K	3/12/2008	12/31/2032
24th/Michigan	7/21/1999	7/21/2022
26th and King Drive	1/11/2006	12/31/2030
35th and Wallace	12/15/1999	12/31/2023
35th/Halsted	1/14/1997	12/31/2021
35th/State	1/14/2004	12/31/2028
40th/State	3/10/2004	12/31/2012
43rd/Cottage Grove	7/8/1998	12/31/2022
45th/Western Industrial Park Conservation Area	3/27/2002	12/31/2026
47th/Ashland	3/27/2002	12/31/2026
47th/Halsted	5/29/2002	12/31/2026
47th/King Drive	3/27/2002	12/31/2026
47th/State	7/21/2004	12/31/2028
49th Street/St. Lawrence Avenue	1/10/1996	12/31/2020
51st/ Archer	5/17/2000	12/31/2024
51st/Lake Park	11/15/2012	12/31/2036
53rd Street	1/10/2001	12/31/2025

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

Name of Municipality: Chicago

County: Cook

Unit Code: 016/620/30

Reporting Fiscal Year: 2012

Fiscal Year End: 12 / 31 / 2012

60th and Western	5/9/1996	5/9/2019
63rd/Ashland	3/29/2006	12/31/2030
63rd/Pulaski	5/17/2000	12/31/2024
67th/Cicero	10/2/2002	12/31/2026
67th/Wentworth	5/04/2011	12/31/2035
69th/Ashland	11/3/2004	12/31/2028
71st and Stony Island	10/7/1998	10/7/2021
72nd and Cicero	11/17/1993	12/31/2012
73rd and Kedzie	11/17/1993	12/31/2012
73rd/University	9/13/2006	12/31/2030
79th and Cicero	6/8/2005	12/31/2029
79th Street Corridor	7/8/1998	7/8/2021
79th Street/Southwest Highway	10/3/2001	12/31/2025
79th/Vincennes	9/27/2007	12/31/2031
83rd/Stewart	3/31/2004	12/31/2028
87th/Cottage Grove	11/13/2002	12/31/2026
89th and State	4/1/1998	4/1/2021
95th and Western	7/13/1995	7/13/2018
95th Street and Stony Island	5/16/1990	12/31/2014
Addison Corridor North	6/4/1997	6/4/2020
Addison South	5/9/2007	12/31/2031
Archer Courts	5/12/1999	12/31/2023
Archer/ Central	5/17/2000	12/31/2024
Archer/Western	2/11/2009	12/31/2033
Armitage/Pulaski	6/13/2007	12/31/2031
Austin/Commercial	9/27/2007	12/31/2031
Avalon Park/South Shore	7/31/2002	12/31/2026
Avondale	7/29/2009	12/31/2033
Belmont/ Central	1/12/2000	12/31/2024
Belmont/Cicero	1/12/2000	12/31/2024
Bronzeville	11/4/1998	12/31/2022
Bryn Mawr/Broadway	12/11/1996	12/11/2019
Calumet Avenue/Cermak Road	7/29/1998	7/29/2021
Calumet River	3/10/2010	12/31/2034
Canal/Congress	11/12/1998	12/31/2022
Central West	2/16/2000	12/31/2024
Chicago/ Kingsbury	4/12/2000	12/31/2024
Chicago/Central Park	2/27/2002	12/31/2026
Chicago Lakeside Development – Phase 1 (USX)	5/12/2010	12/31/2034
Cicero/Archer	5/17/2000	12/31/2024
Clark Street and Ridge Avenue	9/29/1999	9/29/2022
Clark/Montrose	7/7/1999	7/7/2022
Commercial Avenue	11/13/2002	12/31/2026

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Reporting Fiscal Year: 2012
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Devon/Sheridan	3/31/2004	12/31/2028
Devon/Western	11/3/1999	12/31/2023
Diversey/ Narragansett	2/5/2003	12/31/2027
Division/Homan	6/27/2001	12/31/2025
Division/North Branch	3/15/1991	12/31/2012
Division-Hooker	7/10/1996	12/31/2012
Drexel Boulevard	7/10/2002	12/31/2026
Eastman/North Branch	10/7/1993	12/31/2012
Edgewater/ Ashland	10/1/2003	12/31/2027
Elston/Armstrong Industrial Corridor	7/19/2007	12/31/2031
Englewood Mall	11/29/1989	12/31/2013
Englewood Neighborhood	6/27/2001	12/31/2025
Ewing Avenue	3/10/2010	12/31/2034
Forty-first Street and Dr. Martin Luther King, Jr. Drive	7/13/1994	12/31/2018
Fullerton/ Milwaukee	2/16/2000	12/31/2024
Galewood/Armitage Industrial	7/7/1999	7/7/2022
Goose Island	7/10/1996	7/10/2019
Greater Southwest Industrial Corridor (East)	3/10/1999	12/31/2023
Greater Southwest Industrial Corridor (West)	4/12/2000	12/31/2024
Harlem Industrial Park Conservation Area	3/14/2007	12/31/2031
Harrison/Central	7/26/2006	12/31/2030
Hollywood/Sheridan	11/7/2007	12/31/2031
Homan/Grand Trunk	12/15/1993	12/31/2012
Homan-Arthington	2/5/1998	2/5/2021
Howard-Paulina	10/14/1988	12/31/2012
Humboldt Park Commercial	6/27/2001	12/31/2025
Irving Park/Elston	5/13/2009	12/31/2033
Irving/Cicero	6/10/1996	12/31/2020
Jefferson Park Business District	9/9/1998	9/9/2021
Jefferson/ Roosevelt	8/30/2000	12/31/2024
Kennedy/Kimball	3/12/2008	12/31/2032
Kinzie Industrial Corridor	6/10/1998	6/10/2021
Kostner Avenue	11/5/2008	12/31/2032
Lake Calumet Area Industrial	12/13/2000	12/31/2024
Lakefront	3/27/2002	12/31/2026
Lakeside/Clarendon	7/21/2004	12/31/2012
LaSalle Central	11/15/2006	12/31/2030
Lawrence/ Kedzie	2/16/2000	12/31/2024
Lawrence/Broadway	6/27/2001	12/31/2025
Lawrence/Pulaski	2/27/2002	12/31/2026
Lincoln Avenue	11/3/1999	12/31/2023
Lincoln-Belmont-Ashland	11/2/1994	12/31/2018
Little Village East	4/22/2009	12/31/2033
Little Village Industrial Corridor	6/13/2007	12/31/2031

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

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

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

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E	X	
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F	X	
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X
A list of all intergovernmental agreements in effect in FY 2012, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only of the intergovernmental agreements labeled Attachment M	X	

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

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

Fund Balance at Beginning of Reporting Period \$ 1,592,431

Revenue/Cash Receipts Deposited in Fund During Reporting FY:	Reporting Year	Cumulative*	% of Total
Property Tax Increment	938,665	\$ 4,715,706	82%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	4,499		0%
Land/Building Sale Proceeds			0%
Bond Proceeds			0%
Transfers in from Municipal Sources (Porting in)		1,051,820	18%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

*must be completed where 'Reporting Year' is populated

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period 943,164

Cumulative Total Revenues/Cash Receipts \$ 5,767,526 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) 516,943

Transfers out to Municipal Sources (Porting out) -

Distribution of Surplus -

Total Expenditures/Disbursements 516,943

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS 426,221

FUND BALANCE, END OF REPORTING PERIOD* \$ 2,018,652

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

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

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

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

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

	Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)	21,207
	\$ 21,207
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)	
	\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)	
	\$ -
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)	
	\$ -
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)	
	\$ -
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY	
	\$ -

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

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
	495,736	
		\$ 495,736
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 516,943

Section 3.2 B

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

Name	Service	Amount
City Staff Costs ¹	Administration	\$17,650
The John D. and Catherine T. MacArthur Foundati	Development	\$495,736

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

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

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

FUND BALANCE, END OF REPORTING PERIOD \$ 2,018,652

	Amount of Original Issuance	Amount Restricted
1. Description of Debt Obligations		
Restricted for debt service	\$ -	\$ -

Total Amount Restricted for Obligations \$ -

2. Description of Project Costs to be Paid		
Restricted for future redevelopment project costs		\$ 2,018,652

Total Amount Restricted for Project Costs \$ 2,018,652

TOTAL AMOUNT RESTRICTED \$ 2,018,652

SURPLUS*/(DEFICIT) \$ -

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

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

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

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

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

PAGE 1

If **NO** projects were undertaken by the Municipality Within the Redevelopment Project Area, indicate so in the space provided:

If Projects **WERE** undertaken by the Municipality Within the Redevelopment Project Area enter the **TOTAL** number of projects and list them in detail below. 5

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

See "General Notes" Below.

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
TOTAL:			
Private Investment Undertaken	\$ -	\$ -	\$ 184,076,152
Public Investment Undertaken	\$ 4,484,257	\$ 407,502	\$ 17,448,237
Ratio of Private/Public Investment	0		10 11/20

Project 1:			
Madden Wells Phase 1-A (rental)		Project is Ongoing ***	
Private Investment Undertaken			\$ 31,280,770
Public Investment Undertaken	\$ 385,062	\$ 59,158	\$ 4,800,000
Ratio of Private/Public Investment	0		6 46/89

Project 2:			
The Arches at Oakwood Shores		Project is Ongoing ***	
Private Investment Undertaken			\$ 40,561,796
Public Investment Undertaken	\$ 3,500,000	\$ -	\$ 4,627,237
Ratio of Private/Public Investment	0		8 36/47

Project 3:			
Madden Wells Phase 1-B (rental)		Project is Ongoing ***	
Private Investment Undertaken			\$ 36,126,230
Public Investment Undertaken	\$ 396,035	\$ 58,344	\$ 3,021,000
Ratio of Private/Public Investment	0		11 23/24

Project 4:			
Oakwood Shores Phase 2 Rental		Project is Ongoing ***	
Private Investment Undertaken			\$ 54,669,913
Public Investment Undertaken	\$ 203,160	\$ 125,000	\$ 2,900,000
Ratio of Private/Public Investment	0		18 23/27

Project 5:			
Madden Wells 2-C Rental Retail		Project is Ongoing ***	
Private Investment Undertaken			\$ 21,437,443
Public Investment Undertaken		\$ 165,000	\$ 2,100,000
Ratio of Private/Public Investment	0		10 5/24

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

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

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

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

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

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

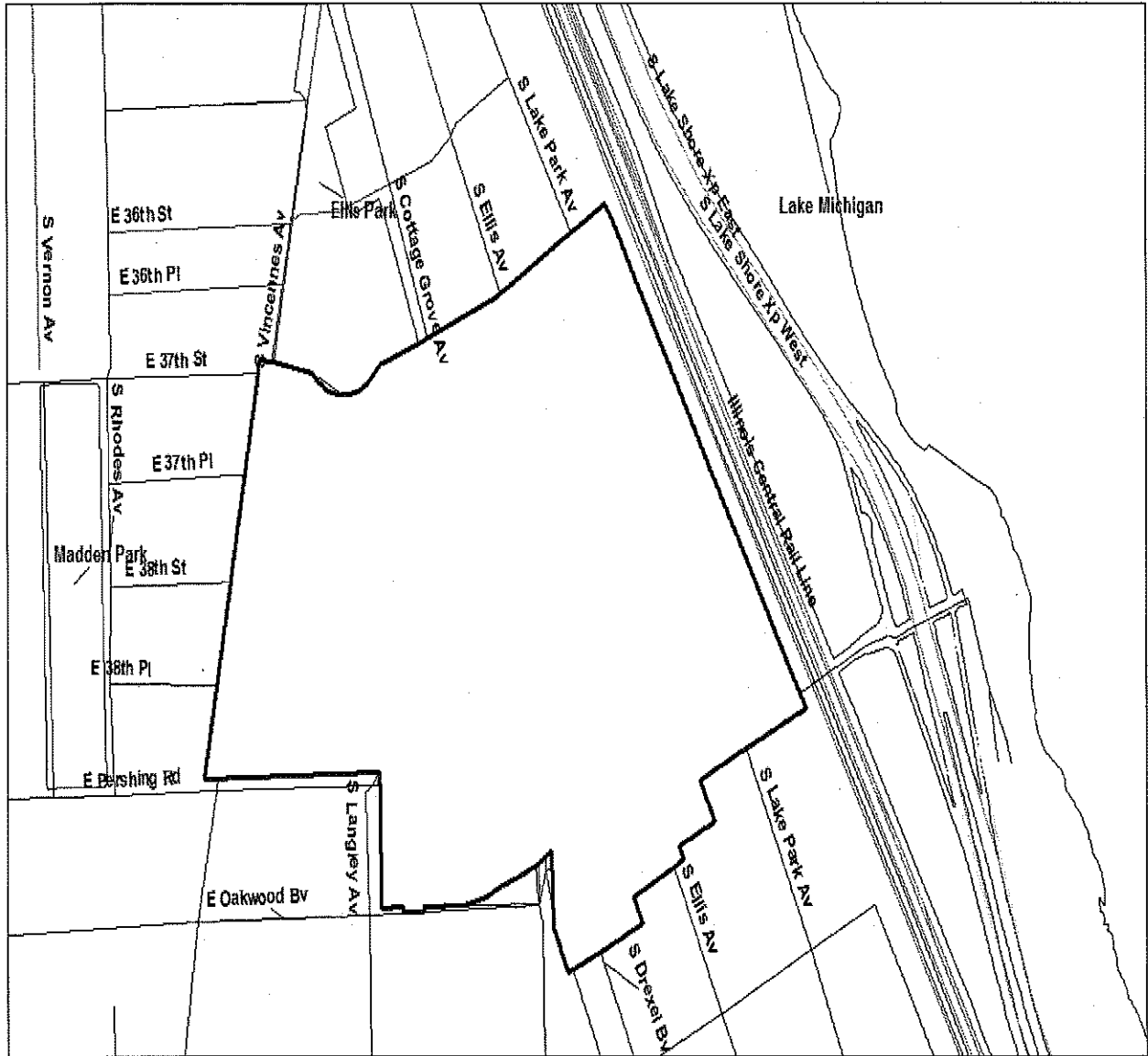
Project 12:			
Private Investment Undertaken (See Instructions)			
Public Investment Undertaken			
Ratio of Private/Public Investment	0		0

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

General Notes

- (a) Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore, may include private equity, private lender financing, private grants, other public monies, or other local, state or federal grants or loans.
- (b) Each amount reported here under Public Investment Undertaken, Total Estimated to Complete Project, is the maximum amount of payments financed by tax increment revenues that could be made pursuant to the corresponding Project's operating documents, but not including interest that may later be payable on developer notes, and may not necessarily reflect actual expenditures, if any, as reported in Section 3 herein. The total public investment amount ultimately made under each Project will depend upon the future occurrence of various conditions, including interest that may be payable on developer notes as set forth in the Project's operating documents.
- (c) Each amount reported here under Public Investment Undertaken, 11/1/1999 to Date, is cumulative from the Date of execution of the corresponding Project to the end of the reporting year, and may include interest amounts paid to finance the Public Investment amount. Projects undertaken prior to 11/1/1999 are not reported on this table.
- (d) Intergovernmental agreements, if any, are reported on Attachment M hereto.

Madden/Wells Redevelopment Project Area 2012 Annual Report



STATE OF ILLINOIS)

) SS

Attachment B

COUNTY OF COOK)

CERTIFICATION

TO:

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

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

James R. Dempsey
Associate Vice Chancellor-Finance
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

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

Herman Brewer
Bureau Chief
Cook County Bureau of Economic Dev.
69 West Washington Street, Suite 3000
Chicago, Illinois 60602

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

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

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

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

Attachment B


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

2. During the preceding fiscal year of the City, being January 1 through December 31, 2012, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

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

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

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 28th day of June, 2013.



Rahm Emanuel, Mayor
City of Chicago, Illinois



June 28, 2013

DEPARTMENT OF LAW
CITY OF CHICAGO

Attachment C

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

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

James R. Dempsey
Associate Vice Chancellor-Finance
City Colleges of Chicago
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Forest Preserve District of Cook County
69 W. Washington Street, Suite 2060
Chicago, IL 60602

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

Re: Madden/Wells
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

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

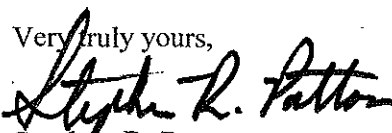
June 28, 2013

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

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

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

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

Very truly yours,

Stephen R. Patton
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

Activities Statement

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

Name of Project
Madden Wells - 2-C Rental Retail

ATTACHMENT D



Doc#: 1206945087 Fee: \$260.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 03/09/2012 02:32 PM Pg: 1 of 112

(14)
TID
212084
211981

This agreement was prepared by
and after recording return to:

Ann R. Kaplan-Perkins
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

**ARCHES RETAIL DEVELOPMENT
REDEVELOPMENT AGREEMENT**

CITY OF CHICAGO

AND

ARCHES RETAIL DEVELOPMENT LLC

AND

ARD SPONSOR LLC

112 pages

LIST OF EXHIBITS

Exhibit A	*Redevelopment Area Legal Description
Exhibit B-1	Project Legal Description
Exhibit B-2	Site Plan
Exhibit C	*Redevelopment Plan
Exhibit D-1A	Form of City Note A
Exhibit D-1B	Form of City Note 1
Exhibit D-2	Form of City Note 2
Exhibit E-1	Project Budget
Exhibit E-2	MBE/WBE Project Budget
Exhibit F	*Plans and Specifications
Exhibit G	TIF-Funded Improvements
Exhibit H	*Requisition Form for TIF-Funded Interest Costs
Exhibit I	Schedule of Maximum Amount of TIF-Funded Interest Costs
Exhibit J	*Approved Prior Expenditures
Exhibit K	Permitted Liens
Exhibit L	Form of Developer's Counsel Opinion
Exhibit M	Real Estate Provisions (EAV)
Exhibit N	Prohibited Uses
Exhibit O	Prior TIF Obligations

* indicates documents that are not recorded

ARCHES RETAIL DEVELOPMENT LLC REDEVELOPMENT AGREEMENT

This Redevelopment Agreement (the "Agreement") is made as of this 7th day of March, 2012, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Housing and Economic Development ("HED"), and Arches Retail Development LLC, an Illinois limited liability company ("Arches"), and ARD Sponsor LLC, an Illinois limited liability company ("Sponsor," and collectively with Arches, the "Developer").

RECITALS

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the authority to promote the health, safety and welfare of the City and its inhabitants, 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 (the "Act"), to finance the redevelopment of conservation areas.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of City (the "City Council") adopted the following ordinances on November 6, 2002: (1) "An Ordinance of the City of Chicago, Illinois, Approving a Redevelopment Plan for the Madden/Wells Tax Increment Financing Redevelopment Project Area;" (2) "An Ordinance of the City of Chicago, Illinois, Designating the Madden/Wells Tax Increment Financing Redevelopment Project Area a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act;" and (3) "An Ordinance of the City of Chicago, Illinois, Adopting Tax Increment Allocation Financing for the Madden/Wells Tax Increment Financing Redevelopment Project Area Project". Collectively, these ordinances shall be referred to herein as the "TIF Ordinances." The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Developer will acquire rights to portions of certain real property parcels located in the Redevelopment Area and legally described on Exhibit B-1 and depicted on Exhibit B-2 (each parcel individually, and the sites collectively, the "Retail Property"). The Developer will also acquire certain easements with respect to certain real property parcels adjacent to the Retail Property for purposes of site preparation and remediation, which parcels are legally described on Exhibit B-3 (the "Housing Property", and together with the Retail Property, the "Property"). Within the time frames set forth in Section 3.01 hereof, the Developer shall commence and complete the construction of approximately 28,000 square feet of retail space (the "Facility") on the Retail Property for use as a medical clinic, medical suites and offices as set forth hereinafter. The Facility and improvements related to the retail space are referred to herein as the "Project".

E. The Housing Project: A project to construct housing units on the Housing Property is being undertaken pursuant to a Real Estate Redevelopment Agreement of even date herewith among the City, Arches, Oakwood Shores Terrace Associates Limited Partnership and The Community Builders, Inc. (the "Housing Agreement").

F. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Madden/Wells Tax Increment Financing Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit C.

G. City Financing: Pursuant to the terms and conditions of this Agreement, the City will pay or reimburse the Developer for the TIF-Funded Improvements and TIF-Funded Interest Costs (as defined below) from Available Incremental Taxes (the "City Funds") in the manner set forth in the TIF Ordinances (as defined below).

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

"Act" shall have the meaning set forth in Paragraph B of the Recitals hereto.

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

"Available Incremental Taxes" shall mean 90% of those Incremental Taxes deposited in the Incremental Taxes Fund attributable to the taxes levied on the Property, to the extent available, allocated by the City in each fiscal year for payment of the TIF-Funded Improvements.

"Annual Compliance Report" shall mean a signed report from the Developer to the City (a) itemizing each of the Developer's obligations under this Agreement during the preceding calendar year, (b) certifying the Developer's compliance or noncompliance with such obligations, (c) attaching evidence (whether or not previously submitted to the City) of such compliance or noncompliance and (d) certifying that the Developer is not in default with respect to any provision of this Agreement, the agreements evidencing the Lender Financing, if any, or any related agreements; provided, that the obligations to be covered by the Annual Compliance Report shall include the following: (1) delivery of Financial Statements and unaudited financial statements (Section 8.08); (2) delivery of updated insurance certificates, if applicable (Section 8.12); (3) delivery of evidence of payment of Non-Governmental Charges, if applicable (Section 8.13); (4) delivery of Occupancy Reports (Section 8.15); and (5) compliance with all other executory provisions of this Agreement.

"CDE Lender" means CDF Suballocatee XIII, LLC, an Illinois limited liability company.

"CDE Loan" means the loans made by CDE Lender to Arches for the Project.

"City Funds" has the meaning defined in Section 4.03(b).

"City Note 1" means the tax-exempt City of Chicago Tax Increment Allocation Revenue Obligation Madden/Wells Redevelopment Project Area (Arches Retail Development Redevelopment Project), Registered No. R-1 Tax Exempt Series A to be in the form attached hereto as Exhibit D-1B and otherwise in accordance with the terms set forth in Section 4.03(d), in the maximum principal amount of \$1,950,000, subject to reduction as set forth in Section 4.03 herein, issued by the City to the Sponsor as of the City Note A Refunding Date. The payment of the amounts due under City Note 1 will be secured only by Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note 1.

"City Note 1 Lock-Out Period" has the meaning defined in Section 4.03(d).

"City Note 2" means the taxable City of Chicago Tax Increment Allocation Revenue Note Madden/Wells Redevelopment Project Area (Arches Retail Development Redevelopment Project), Registered No. R-2 Taxable Series B to be in the form attached hereto as Exhibit D-2 and otherwise in accordance with the terms set forth in Section 4.03(e). The payment of the amounts due under City Note 2 will be secured only by the Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note 2.

"City Note 2 Lockout Period" has the meaning defined in Section 4.03(e).

"City Note A" means the taxable City of Chicago Tax Increment Allocation Revenue Note Madden/Wells Redevelopment Project Area (Arches Retail Development Redevelopment Project), Registered No. R-1A Taxable Series A, to be in the form attached hereto as Exhibit D-1A otherwise in accordance with the terms set forth in Section 4.03(c). The payment of the amounts due under City Note A will be secured only by Available Incremental Taxes, unless the City, in its sole discretion, elects to use other legally available funds to make payments with respect to City Note A.

"City Note A Refunding Date" has the meaning defined in Section 4.03(c).

"Commissioner" shall mean the Commissioner or Acting Commissioner of HED.

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

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

"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.

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

"Final Certificate" shall mean the Final Certificate of Completion described in Section 7 hereof.

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

"General Contractor" shall mean McShane Construction Company (or such other contractor acceptable to HED).

"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 Ordinances 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 Treasurer into the Incremental Taxes Fund.

"Incremental Taxes Fund" shall mean the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund created pursuant to the TIF Ordinances.

"Initial Certificate" shall mean the Initial Certificate of Completion described in Section 7 hereof.

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

"Lenders" shall mean the providers of the Lender Financing.

"MBE(s)" or minority-owned business enterprise shall mean a business enterprise 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 business enterprise.

"MBE/WBE Budget" shall mean the budget attached hereto as Exhibit E-2, as described in Section 10.

"MBE/WBE Program" shall have the meaning set forth in Section 10.03 hereof.

"Note" means, as applicable, City Note A, City Note 1 or City Note 2, and "Notes" means all such notes.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project prepared by Stull & Lee.

"Project" shall have the meaning set forth in Paragraph D of the recitals.

"Project Budget" shall mean the budget for the Developer Project attached hereto as Exhibit E-1.

"Project Costs" shall mean all of the costs incurred in connection with the Project.

"Property" shall have the meaning set forth in paragraph D of the recitals.

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

"Qualified Transfer of City Note A" means the pledge of City Note A to a lender providing Lender Financing.

"Qualified Transfer of City Note 1" means (i) the pledge of City Note 1 to a Lender providing Lender Financing or (ii) the sale or assignment of City Note 1 as long as (a) any sale or assignment is to a Qualified Investor with no view to resale or reassignment, or the City has given its prior written consent to such proposed sale or assignment and (b) any sale or assignment is subject to the terms and procedures of an acceptable investment letter, and (c) any such sale or assignment occurs after the issuance of the Final Certificate.

"Qualified Transfer of City Note 2" means (i) the pledge of City Note 2 to a Lender providing Lender Financing or (ii) the sale or assignment of City Note 2 as long as (a) any sale or assignment is to a Qualified Investor with no view to resale or reassignment, or the City has given its prior written consent to such proposed sale or assignment and (b) any sale or assignment is subject to the terms and procedures of an acceptable investment letter, and (c) any such sale or assignment occurs after the issuance of the Final Certificate.

"Senior Lender" shall mean JPMorgan Chase Bank, N.A. (or another entity acceptable to the City), or its respective successors or assigns, who is providing the construction and permanent senior loans.

"Senior Loan" shall mean the loans made by the Senior Lender, or a financial institution or other entity acceptable to the Commissioner, for the Project.

"Survey" shall mean a plat of an ALTA survey of the Property acceptable in form and content to the City and the Title Company.

"Term of the Agreement" shall mean the term commencing on the date of execution of this Agreement and ending December 31, 2026.

"TIF-Funded Improvements" shall mean those costs which (i) are included within the definition of redevelopment project costs in Section 5/11-74.4-3(q) of the Act and are included in the Plan, and (ii) have the meaning set forth in Section 4.03 hereof.

"TIF-Funded Interest Costs" shall have the meaning set forth in Section 4.03(f) hereof.

"TIF Ordinances" shall have the meaning set forth in paragraph C of the recitals hereto.

"Title Company" shall mean Chicago Title Insurance Company.

"Title Policy" shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing Arches as the insured, issued by the Title Company.

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

SECTION 3. THE PROJECT

3.01 The Project. The Developer shall: (a) commence construction of the Project no later than March 15, 2012, subject to such extension, if any, as the City, in its sole discretion, may grant; and (b) complete construction of the Project no later than June 15, 2013, subject to the provisions of Section 17.16 of this Agreement. The Project shall be carried out in accordance with the Plans and Specifications for the Project.

3.02 Plans and Specifications. The Plans and Specifications shall conform to the Redevelopment Plan as amended from time to time and shall comply with all applicable state and local laws, ordinances and regulations. As of the date hereof, the Developer has delivered to HED, and HED has approved, the Plans and Specifications, a list of which are attached hereto as Exhibit E. The Developer has submitted also all such 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.

Any material amendment to the Plans and Specifications must be submitted to HED for its approval.

3.03 Project Budget. The Developer has furnished to HED, and HED has approved, the Project Budget. The Developer hereby certifies to the City that (a) to the best of the Developer's knowledge, after diligent inquiry, the Lender Financing and equity shall be sufficient to pay all Project Costs (other than the TIF-Funded Interest Costs) and (b) to the best of the Developer's knowledge after diligent inquiry, the Project Budget is true, correct and complete in all material respects. The Developer hereby represents to the City that the Lender Financing is (a) along with the City Funds, necessary to pay for all Project Costs and (b) available to be drawn upon to pay for certain Project Costs in accordance with the terms of the documents securing the Lender Financing.

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 HED 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 HED for HED's prior written approval: (a) a reduction in the square footage of the Project of more than 10%; (b) a change in the use of more than 50% of the Retail Property to a use other than retail space for medical offices; (c) a delay of greater than 60 days in the completion of the Project; or (d) Change Orders costing more than \$25,000 each, to an

aggregate amount of \$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 HED's written approval (to the extent required in this section). The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders 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 HED's prior written approval as set forth in this Section 3.04, but HED shall be notified in writing of all such Change Orders and the Developer, in connection with such notice, shall identify to HED the source of funding therefor.

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

3.06 Other Approvals. Construction of the Project shall not commence until the Developer has obtained all permits and approvals required by state, federal or local statute, ordinance or regulation and the General Contractor has delivered to the Developer performance and payment bonds in the full amount of the construction contract.

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

3.08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) selected by the CDE Lender will 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 HED upon request.

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. HED 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 FOR THE PROJECT COSTS

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$10,933,782, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Sections 4.03 and 4.06</u>)	\$2,522,740
Lender Financing	\$8,411,042

ESTIMATED TOTAL	\$10,933,782
------------------------	---------------------

4.02 Developer Funds. The Developer shall pay for all of the Project Costs, except the TIF-Funded Interest Costs, using the proceeds of the Lender Financing and Equity.

4.03 City Funds.

(a) Uses of City Funds. City Funds may only be used to pay directly or reimburse the Developer for costs of TIF-Funded Improvements and TIF-Funded Interest Costs that constitute redevelopment project costs under the Act. Exhibit G sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Sections 4.03 and 4.05(c)), contingent upon receipt by the City of documentation satisfactory in form and substance to HED evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City funds from the sources and in the amounts described directly below (the "City Funds") to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements as follows: (1) City Note A for up to \$1,950,000 to be issued on the Closing Date; (2) City Note 1 for up to \$1,500,000, plus any accrued interest on City Note A (simultaneous with the refunding of City Note A), to be issued following the issuance of the Final Certificate; (3) City Note 2 for up to \$450,000 to be issued following the issuance of the Final Certificate; and (4) up to \$150,000 of Available Incremental Taxes for TIF-Funded Interest Costs (defined below). The principal amount of each Note will be in an amount not greater than the costs of the TIF-Funded Improvements which have been incurred by Developer (and which have not previously been counted in determining the balance of the other Note(s)) and are to be reimbursed by the City through payments of principal and interest on the Notes, subject to the provisions of this Agreement. Any payments under the Notes are subject to

the amount of Available Incremental Taxes and Incremental Taxes for the Madden/Wells Redevelopment Area, as applicable, being sufficient for such payments, as well as the Prior TIF Obligations listed on Exhibit O attached hereto. The maximum total principal amount of City Funds will be \$2,100,000.

(c) Issuance of the \$1,950,000 City Note A. On the Closing Date, the City will issue to Sponsor City Note A with the following terms and conditions:

(i) Principal. The principal balance for City Note A will be equal to the cost of TIF-Funded Improvements incurred by Developer prior to the issuance date, up to a maximum amount of \$1,950,000. Such balance will be determined by the Certificate(s) of Expenditure issued by the City in the form of Exhibit D-1A, upon Developer providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement. After issuance of City Note A, if the principal balance of City Note A is less than \$1,950,000, then the principal balance of City Note A will be increased when the City issues additional Certificate(s) of Expenditure in the form of Exhibit D-1A up to a maximum amount of \$1,950,000. Following the issuance of the Final Certificate (the "City Note A Refunding Date"), to refund City Note A, the City shall issue City Note 1 and City Note 2 in the forms of Exhibit D-1B and Exhibit D-2, respectively, as set forth below.

(ii) Interest. Upon issuance of the Initial Certificate, the interest rate for City Note A will be an annual rate equal to the Bloomberg corporate BBB rate published as of the date of the Initial Certificate plus 200 basis points, and shall provide for accrued, but unpaid, interest to bear interest at the same annual rate (the "City Note A Interest Rate") but in no event will such interest rate be greater than 9%.

(iii) Term. City Note A will be issued on the Closing Date and will have a term of 20 years.

(iv) Payments of Principal and Interest.

(A) Interest on City Note A will begin to accrue upon the issuance of the Initial Certificate. Principal and interest will be paid annually over the term of the City Note A from all Available Incremental Taxes.

(B) Payments of principal and interest on City Note A shall commence upon the issuance of the Final Certificate.

(C) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note A and on unpaid interest, if any. In the ordinance authorizing the issuance of the Notes, the City established an account denominated the "Arches Retail Development Project Account" within the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund. All Available Incremental Taxes will be deposited into the Arches Retail Development Project Account.

(D) Payments of principal and interest on the Notes will be made from all

Available Incremental Taxes deposited into the Arches Retail Development Project Account as follows:

- (i) First to interest due under City Note A or, once issued, City Note 1;
 - (ii) Next to interest due under City Note 2;
 - (iii) Next to principal payments on City Note A or, once issued, pro rata on City Note 1 and City Note 2.
- (E) After the principal and interest on City Note A (or, when issued, City Note 1) and City Note 2, have been paid in full and all Notes canceled according to their terms, and the reimbursement of TIF-Funded Interest Costs (as defined below) has occurred, then the Arches Retail Development Project Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund.
- (v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on City Note A (or, when issued, City Note 1), then: (a) the City will not be in default under this Agreement or City Note A (or, when issued, City Note 1), and (b) due but unpaid scheduled payments (or portions thereof) on City Note A (or, when issued, City Note 1) will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note A (or, when issued, City Note 1) will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.
- (vi) Sale or Transfer of City Note A. After the issuance of City Note A, City Note A may be pledged in a Qualified Transfer of City Note A. The pledge of the City Note A to the Senior Lender to secure a portion of Lender Financing is hereby approved. Notwithstanding any such permitted pledge, the City shall have no obligation to make any payments with respect to the City Note A except to the Sponsor, and then subject to the conditions set forth in this Agreement, including but not limited to Section 18.15, and in the City Note A.
- (vii) Cessation of City Note A Payments. If an Event of Default occurs, the City will have no further obligations to make any payments with respect to City Note A and the City will have the remedies stated in Sections 7.03 and 15.02.
- (viii) Costs of Issuance of City Note A. Developer will be responsible for paying all legal and issuance costs in relation to City Note A, including all costs of bond counsel.
- (ix) City Note A Refunding Date. On the City Note A Refunding Date, the City will cancel City Note A and issue to Sponsor City Note 1 and City Note 2 with the terms and conditions set forth below.
- (d) Issuance of the \$1,500,000 City Note 1.
- (i) Principal and Interest. The principal for City Note 1 will be equal to the cost of TIF-

Funded improvements incurred by Developer prior to the issuance date, up to a maximum amount of \$1,500,000. If there is principal or accrued interest on City Note A in excess of \$1,500,000, such excess amounts will be added to the principal of City Note 2 on the terms and conditions set forth below. The interest rate for City Note 1 will be equal to the Bloomberg corporate BBB rate published as of the City Note A Refunding Date plus 200 basis points, and shall provide for accrued, but unpaid, interest to bear interest at the same annual rate (the "City Note 1 Interest Rate") but in no event will such interest rate be greater than 9%.

- (ii) Term. City Note 1 will be issued on the City Note A Refunding Date and shall have a term of the earlier of 20 years and December 31, 2027.
- (iii) Payments of Principal and Interest.
 - (A) Interest on City Note 1 will begin to accrue at the date of issuance. Principal and interest will be paid annually over the term of City Note 1 from all Available Incremental Taxes.
 - (B) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note 1 and on unpaid interest, if any. In the ordinance authorizing the issuance of City Note 1, the City will establish an account denominated the: "Arches Retail Development Project Account" within the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund. All available Incremental Taxes will be deposited into the Arches Retail Development Project Account.
 - (C) Payments of principal and interest will be made annually on or before May 1 in the year following the date of issuance of City Note 1.
 - (D) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note 1 and on unpaid interest, if any.
- (iv) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on the City Note 1, then: (1) the City will not be in default under this Agreement or City Note 1, and (2) due but unpaid scheduled payments (or portions thereof) on City Note 1 will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note 1 is issued will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.
- (v) Prepayment of City Note 1 by the City and Related Lock Out Period. The City may prepay City Note 1 at any time without premium or penalty, subject to the following: a three-year (36 month) period, subject to extension to 60 months in the discretion of the Commissioner (the "City Note 1 Lock-Out Period") will begin on the City Note A Refunding Date. During the City Note 1 Lock-Out Period, the City will not prepay City Note 1, unless this City Note 1 Lock-Out Period restriction is formally waived by the City Note 1 holder(s). Upon expiration of the City Note 1 Lock-Out Period, the City

may prepay the then current balance of City Note 1 without any restrictions or conditions, together with any accrued interest.

- (vi) Sale or Transfer of City Note 1. After the issuance of City Note 1, City Note 1 may be pledged, sold or assigned in a Qualified Transfer of City Note 1. Thereafter, City Note 1 may again be pledged, sold or assigned in a Qualified Transfer of City Note 1.
- (vii) No Cessation of City Note 1 Payments. Notwithstanding anything to the contrary contained in this Agreement, after issuance of City Note 1, if an Event of Default occurs, the City will, notwithstanding such Event of Default, continue to make payments with respect to City Note 1.
- (viii) Costs of Issuance of City Note 1. Developer will be responsible for paying all legal and issuance costs in relation to City Note 1, including all costs of bond counsel.
- (e) Issuance of the \$450,000 City Note 2. City Note 2 will be issued on even date with the Final Certificate with the following terms and conditions:
 - (i) Principal. The initial principal balance of City Note 2 will equal the amount, if any, that the principal amount of City Note A plus accrued interest immediately prior to its refunding exceeds \$1,500,000, plus any amount established by the Certificate(s) of Expenditure issued by the City in the form of Exhibit D-2 at the date of issuance, upon Developer providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement. After issuance of City Note 2, if the principal balance of City Note 2 is less than \$450,000, then the principal balance of City Note 2 may be increased when the City issues additional Certificate(s) of Expenditure in the form of Exhibit D-2 up to a maximum amount of \$450,000.
 - (ii) Interest. When issued, the interest rate for City Note 2 will be equal to the Bloomberg corporate BBB rate published as of the City Note A Refunding Date plus 200 basis points, and shall provide for accrued, but unpaid, interest to bear interest at the same annual rate (the "City Note 2 Interest Rate") but in no event will such interest rate be greater than 9%.
 - (iii) Term. City Note 2 will be issued on even date with the Final Certificate and will have a term of the earlier of 20 years and December 31, 2027.
 - (iv) Payments of Principal and Interest.
 - (A) Interest on City Note 2 will begin to accrue at the date of issuance. Principal and interest will be paid annually over the term of City Note 2 from all Available Incremental Taxes. Payments of principal and interest will be made annually on or before May 1 of each year commencing the year following the issuance of the Final Certificate.
 - (B) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on City Note

2 and on unpaid interest, if any. In the ordinance authorizing the issuance of City Note 2, the City will establish an account denominated the: "Arches Retail Development Project Account" within the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund. All available Incremental Taxes will be deposited into the Arches Retail Development Project Account.

(C) After the principal and interest on the Notes have been paid in full, and each Note canceled according to its terms, and the reimbursement of TIF-Funded Interest Costs (as defined below) has occurred, then the Arches Retail Development Project Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the Madden/Wells Redevelopment Project Area Special Tax Allocation Fund.

- (v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any scheduled payment on City Note 2, then: (1) the City will not be in default under this Agreement or City Note 2, and (2) due but unpaid scheduled payments (or portions thereof) on City Note 2 will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest per annum at the rate set when City Note 2 is issued will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.
- (vi) Prepayment of City Note 2 by the City and Related Lock Out Period. The City may prepay City Note 2 at any time without premium or penalty, subject to the following: a three-year (36 month) period, subject to extension to 60 months in the discretion of the Commissioner (the "City Note 2 Lock-Out Period") will begin on issuance date of City Note 2. During City Note 2 Lock-Out Period, the City will not prepay City Note 2 unless this City Note 2 Lock-Out Period restriction is formally waived by City Note 2 holder(s). Upon expiration of City Note 2 Lock-Out Period, the City may prepay the then-current balance of City Note 2 without any restrictions or conditions, together with any accrued interest.
- (vii) Sale or Transfer of City Note 2. After the issuance of City Note 2, City Note 2 may be pledged, sold or assigned in a Qualified Transfer of City Note 2. Thereafter, City Note 2 may again be pledged, sold or assigned in a Qualified Transfer of City Note 2.
- (viii) Cessation of City Note 2 Payments. If an Event of Default occurs, the City will have no further obligations to make any payments with respect to City Note 2 and the City will have the remedies stated in Sections 7.03 and 15.02. If the Developer defaults pursuant to Section 15.01, interest shall immediately cease to accrue on the City Note 2 effective as of the date on which the Event of Default is deemed to have occurred pursuant to Section 15.03, and no payments shall be made with respect to the City Note 2 during any cure period applicable to such default. Any Available Incremental Taxes that would have been used to make payments during such time period shall, however, be reserved by the City pending the possible cure of such default. If such default is cured, interest shall again begin to accrue on the City Note 2 effective as of the actual date on which the default is cured and any reserved payments of Available Incremental Taxes shall be released by the City and used to

pay the City Note 2. If such default is not cured or is not subject to a cure period, the City shall have the remedies set forth in Section 15.02.

(f) TIF-Funded Interest Costs. The City hereby agrees to pay or reimburse the Sponsor from Available Incremental Taxes, if any, for up to the lesser of \$150,000 or 30% of the interest costs incurred by the Developer that will accrue on the Senior Loan (the "TIF-Funded Interest Costs") at the request of Developer as set forth below. The amounts payable pursuant to this Section 4.03(f) shall be paid by the City into escrow in accordance with this Agreement and the Escrow Agreement while the Lender Financing remains outstanding and so long as the TIF-Funded Interest Costs may, under the Act, be legally paid out of Available Incremental Taxes. The City will pay into escrow for the benefit of the Sponsor for the TIF-Funded Interest Costs for the Project upon submission by the Developer to the HED of an executed Requisition Form for TIF-Funded Interest Costs in the form attached hereto as Exhibit H. The Requisition Form for TIF-Funded Interest Costs shall be sent to HED on or after March 1 of each year that payment into escrow is requested, and shall set forth the date for payment into escrow which shall be not less than 60 days from the date of its receipt by the HED. The City Comptroller shall pay, to the extent of any Available Incremental Taxes then available in the Incremental Taxes Fund, into escrow the amount requested in the Requisition Form for TIF-Funded Interest Costs within 60 days of its receipt; provided, that the amount so requested shall not exceed the maximum amount payable for such year as shown on Exhibit I attached hereto, plus any portion of such maximum amount for prior years that has not been paid as a result of insufficient funds. The Developer shall submit to the HED and the Department of Finance at the addresses specified in Section 16 copies of monthly invoices sent to the Developer by the Senior Lender to evidence the accrual of such amounts for TIF-Funded Interest Costs. Upon the City's request, the Senior Lender will provide any additional supporting documentation. Attached as Exhibit I is a schedule of maximum amounts which may be reimbursed as interest cost incurred by the Developer in accordance with the Redevelopment Plan and the limitations provided in Section 11-74.4-3(q)(11) of the Act. The City will release funds to Sponsor reimbursing TIF-Funded Interest Costs from escrow as follows: fifty percent of the City Funds in such escrow, plus accrued interest, will be released to Sponsor on the 5th anniversary of the date of the Final Certificate; fifty percent of the City Funds remaining in such escrow, plus accrued interest, will be released to Sponsor on the 2nd anniversary following such first payment; and the balance of City Funds in such escrow, plus any accrued interest, will be released to Sponsor on the 3rd anniversary following such second disbursement; provided however that if Developer fails to meet the Average Minimum Occupancy as required by Section 8.15 herein, the release of TIF-Funded Interest Costs out of escrow will be delayed by the number of years such Average Minimum Occupancy was not met.

(g) Other Incremental Taxes. Any Incremental Taxes that either (i) are not Available Incremental Taxes or (ii) are not required to make payments under this Agreement (whether because all currently due payments have been made, because of an Event of Default entitling the City to terminate further payments with respect to the City Note A or the City Note 2, because of the full repayment of the Notes, or otherwise) shall belong to the City and may be pledged or used for such purposes as the City deems necessary or appropriate.

4.04 Construction Escrow. Developer shall provide the City with a copy of its construction escrow agreement with CDE Lender.

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

(b) City Fee. Annually, the City may allocate an amount not to exceed ten percent (10%) of the Incremental Taxes for payment of costs incurred by the City for the administration and monitoring of the Redevelopment Area, including the Project. Such fee shall be in addition to and shall not be deducted from or considered a part of the City Funds, and the City shall have the right to receive such funds prior to any payment of City Funds hereunder.

(c) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of HED, 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 HED.

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

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

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

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

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

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

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

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

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

SECTION 5. CONDITIONS PRECEDENT

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

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

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

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

5.04 Financing. The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient

(along with other sources set forth in Section 4.01) to complete the Project. Any liens against the Retail Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition and Title. On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Retail Property, certified by the Title Company, showing Arches as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on Exhibit K hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.11 hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer has provided to HED, on or prior to the Closing Date, documentation related to the purchase of the Retail Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to HED's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches under the Developer's name (and the following trade names of the Developer: none) 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 Retail Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

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

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

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

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

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

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

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

5.14 Corporate Documents; Economic Disclosure Statement. The Developer has provided a copy of its Articles of Organization containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; operating agreement of the Developer; and such other organizational documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

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

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. Prior to entering into an agreement with any subcontractor for construction of the Project, the Developer shall cause the General Contractor to solicit bids from qualified contractors eligible to do business with the City of Chicago, and if requested by HED, shall submit all bids received to HED for its inspection and written approval. For the TIF-Funded Improvements, the Developer shall select 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 General Contractor selects any subcontractor submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. The Developer shall submit copies of the Construction Contract to HED 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 HED upon request. 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 HED and all requisite permits have been obtained.

6.02 Construction Contract. Within ten (10) business days after execution of the Construction Contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to HED and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in such form as is acceptable to the City. The City shall be named as obligee or co-obligee on any such bonds.

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

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.18 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to HED within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION

7.01 Initial Certificate of Completion. (a) Upon completion of the construction of the Project and related redevelopment activities constituting the Project in accordance with the terms of this Agreement, and upon the Developer's written request, HED shall issue to the Developer an Initial Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement, subject to final leasing and occupancy requirements. HED shall respond to the Developer's written request for an Initial Certificate by issuing either an Initial Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Initial Certificate. The Developer may resubmit a written request for an Initial Certificate upon completion of such measures.

(b) The Developer acknowledges that the City will not issue an Initial Certificate until the following conditions have been met:

- (i) construction of the 28,000 square feet of retail space has been completed in accordance with the Plans and Specifications; and
- (ii) the Facility is 50% leased by one or more tenants.

7.02 Final Certificate of Completion. (a) After receipt of the Initial Certificate, upon achieving the leasing and occupancy requirements as set forth in (b) below, and upon the Developer's written request, HED shall issue to the Developer a Final Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. HED shall respond to the Developer's written request for a Final Certificate

by issuing either a Final Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Final Certificate. The Developer may resubmit a written request for a Final Certificate upon completion of such measures.

(b) The Developer acknowledges that the City will not issue a Final Certificate until the following conditions have been met:

- (i) construction of the Project, including required parking, has been completed; and
- (ii) a Certificate of Occupancy has been issued for the Facility by the City; and
- (iii) the Facility is 75% leased and 60% occupied by tenants; and
- (iv) the City's monitoring unit has determined in writing that the Developer is in complete compliance with all requirements of Section 8.17 and Section 10.

7.03 Effect of Issuance of Final Certificate; Continuing Obligations. The Final Certificate relates only to the construction of the Project and related redevelopment activities constituting the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Final Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Final 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, 8.14 and 8.15 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Retail Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of the Final Certificate. The other executory terms of this Agreement that remain after the issuance of a Final Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 17.14 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.04 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of the Agreement, following the expiration of applicable grace periods, if any, then the City shall have, but shall not be limited to, any of the following rights and remedies:

(a) subject to the provisions of Section 15.02, the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto (provided, however, under no circumstances shall the City suspend or cease disbursement of principal and interest payments on City Note 1);

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of such TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available, the Developer shall

reimburse the City for all reasonable costs and expenses incurred by the City in completing the TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer.

7.05 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, HED 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 DEVELOPER

The Developer represents, warrants and covenants to the City as follows:

8.01 General. The Developer represents, warrants and covenants that:

(a) the Developer is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in every 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 partnership action and will not violate its operating agreement as amended and supplemented, any applicable provision of law, or constitute a material 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, the Developer shall acquire and shall maintain a good, merchantable fee interest in the Retail Property, subject to those matters shown in the Title Policy;

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

(f) the Developer shall obtain and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to construct, complete and operate its business at the Retail Property;

(g) the Developer is not aware of any 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 which would materially affect its ability to perform hereunder;

(h) the Financial Statements when submitted will be, complete and correct in all material respects and will accurately present the assets, liabilities, results of operations and financial condition of the Developer as of the date of such statements;

(i) prior to the issuance of the Final Certificate, the Developer shall not do any of the following without the prior written consent of HED: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Retail Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition; notwithstanding the foregoing, the City acknowledges (i) the CDE Loan being made to Arches and any guaranty by the Developer delivered in connection with the CDE Loan, and (ii) the indemnity being delivered by the Developer agreeing to indemnify the indirect owner of Chase NMTC Mercy Oakwood Shores Investment Fund, LLC (a member of CDE Lender) with respect to losses on account of a recapture or disallowance of the New Markets Tax Credits expected to be claimed by such party, and (iii) the Senior Loan being made to Sponsor and the security interests granted by Sponsor in connection therewith;

(j) the Developer is satisfied that it has taken any measures required to be taken to bring the Property and the Project into compliance with Environmental Laws (or, as part of the remediation process to be undertaken in connection with the Property's enrollment in the Illinois Site Remediation Program, the Project will be brought into compliance with such Environmental Laws, as such compliance may be required under one or more "no further remediation" letters to be issued with respect to the Property) and that the Property is suitable for its intended use;

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

(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; and

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

contract or otherwise.

8.02 Covenant to Redevelop. The Developer shall redevelop the Retail Property substantially in accordance with the Agreement and all Exhibits attached hereto, the TIF Ordinances, the Plans and Specifications, the Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Retail Property and/or the Developer. Subject to Section 7.03, the covenants set forth in this Section 8.02 shall run with the land and be binding upon any transferee of the Retail Property.

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

8.04 Use of Available Incremental Taxes. Available Incremental Taxes disbursed to, or on behalf of, the Developer shall be used solely to pay or reimburse the Developer for the TIF-Funded Improvements and TIF-Funded Interest Costs as provided in this Agreement.

8.05 Arms-Length Transactions. Unless HED shall have given its prior written consent with respect thereto, no Affiliate of the Developer may receive any part of the City Funds, directly or indirectly, through reimbursement of the Developer pursuant to Section 4 or otherwise, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvements. The Developer shall provide information with respect to any entity to receive the City Funds (by reimbursement or otherwise), upon HED's request, prior to any such disbursement.

8.06 Conflict of Interest. The Developer represents and warrants that no member, official or employee of the City, or member of any commission or committee exercising authority over the Project or the Redevelopment Plan, or any consultant hired by the City in connection with the Project, owns or controls (or has owned or controlled) any interest, direct or indirect, in the Developer's business or the Property.

8.07 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.

8.08 Financial Statements. The Developer shall maintain and provide to HED its Financial Statements at the earliest practicable date but no later than 120 days following the end of the Developer's fiscal year, each year for the Term of the Agreement.

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

8.10 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes (or, as part of the remediation process to be undertaken in connection with the Property's enrollment in the Illinois Site Remediation Program, the Project will be brought compliance with such legal requirements, as such compliance may be required under one or more "no further remediation" letters to be issued with respect to the Property). Upon the City's request, the Developer shall provide copies of any

documentary evidence of compliance of such laws which may exist, such as, by way of illustration, and not limitation, permits and licenses.

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

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

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

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

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Retail 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 8.13); or

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

8.14 Real Estate Provisions

(a) Governmental Charges.

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

(ii) Right to Contest. The Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Retail Property. The Developer's right to challenge real estate taxes applicable to the Retail Property is limited as provided for in Section 8.14(c) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to HED of the Developer's intent to contest or object to a Governmental Charge and, unless, at HED's sole option,

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

(B) the Developer shall furnish a good and sufficient bond or other security satisfactory to HED in such form and amounts as HED 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 Retail Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(c) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees that (A) for the purpose of this Agreement, the total projected minimum assessed value of the Retail Property ("Minimum Assessed Value") is shown on Exhibit M attached hereto and incorporated herein by reference for the years noted on Exhibit M; and (B) the real estate taxes anticipated to be generated and derived from the respective portions of the Retail Property and the Project for the years shown are fairly and accurately indicated in Exhibit M.

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

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

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Retail Property up to (but not above) the Minimum Assessed Value as shown in Exhibit M.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.14(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Retail Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.14(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this Section 8.14(c).

8.15 Commercial/Office Space Covenants.

(a) Approved Uses. Developer shall continue to operate the Facility as a commercial/office center with at least 50% of the Facility operated by medical or medical-related service providers during the ten years following the date of the Final Certificate. Developer shall not permit any of the "Prohibited Uses" set forth on Exhibit N within the Facility.

(b) Minimum Occupancy Requirements. Not later than March 1st of the year following the year of issuance of the Final Certificate, Developer shall lease not less than 75% of the net leasable square footage of the Facility and cause to be occupied not less than 60% of the net leasable square footage of the Facility (such percentages collectively referred to herein as the "Minimum Occupancy"). Thereafter, and as a prerequisite for payments to be made on the City Note 2, Developer shall maintain an average occupancy ("Average Minimum Occupancy") over the twelve-month period preceding Developer's submission of an Occupancy Report (as defined below) equal to the Minimum Occupancy.

(c) Occupancy Reports; Occupancy Defaults. Contemporaneously with Developer's requisition for its annual disbursement under the Notes, Developer shall deliver to HED an occupancy progress report ("Occupancy Report") detailing compliance with the Average Minimum Occupancy requirement for the 12-month period beginning January 1 of the preceding year. If Developer submits an Occupancy Report that indicates a failure to maintain the Average Minimum Occupancy (an "Occupancy Default"), such Occupancy Default shall not be deemed an Event of Default under this Agreement if: (i) the Developer has maintained the Minimum Occupancy in the 30 days preceding the date of the Occupancy Report and has provided the City with evidence that it has contracted for the Minimum Occupancy for the following year; (ii) the Developer has cured the Occupancy Default within one year following the date of the Occupancy Report specifying such Occupancy Default (such one-year period is referred to as the "Minimum Cure Period"); or (iii) the Developer has commenced to cure an Occupancy Default within the Minimum Cure Period and has cured such Occupancy Default within two years following the date of the Occupancy Report specifying the Occupancy Default (such two-year period is referred to as the "Maximum Cure Period"). Provided Developer has cured all Occupancy Defaults, Developer shall continue to deliver Occupancy Reports and maintain the Average Minimum Occupancy after the 10th anniversary of the issuance of the Final Certificate for the number of years for which Developer did not maintain the Average Minimum Occupancy.

(d) Occupancy Remedies. Upon the occurrence of an Occupancy Default, the City may suspend disbursement of payments due under the City Note 2 until Developer has complied with the occupancy covenants in this Section 8.15. No interest shall accrue on the City Note 2: (i) during the year described in the Occupancy Report with an Occupancy Default beginning on the date Developer falls below the Average Minimum Occupancy; (ii) during the Minimum Cure Period unless Developer commences to cure the Occupancy Default within the Minimum Cure Period; or (iii) during the Maximum Cure Period from the date of the Event of Default through the date the Event of Default is cured. An Occupancy Default that is not cured as set forth in this Section 8.15 shall be an Event of Default hereunder.

8.16 Job Readiness Program. The developer and its major tenants shall agree to meet with the Mayor's Office of Workforce Development, to discuss participation in job training programs to provide job applicants for the jobs created by the Project and the operation of the Developer's business on the Retail Property.

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

8.18 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 federal government pursuant to the Davis-Bacon Act, to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If such federal prevailing wage rates are revised, 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 8.18.

8.19 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 or 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 be in effect throughout the Term of the Agreement (except for the covenants set forth in Section 8.15, which survive for the term set forth therein).

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, and covenants that: (a) the Incremental Taxes Fund will be established, (b) the Incremental Taxes will be deposited therein, and (c) such funds shall remain available to pay the City's obligations under Sections 4.02 and 4.04 as the same become due, as long as the TIF-Funded Improvements continue to be payable from Available Incremental Taxes under the Act. The City agrees not to amend the Redevelopment Plan so as to materially impair its ability to pay in full any amounts due from the City under this Agreement without the written consent of the Developer and the Lenders.

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. EMPLOYMENT OPPORTUNITY

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 Retail Property (collectively, with the Developer, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Retail 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 Retail Property, so that each such provision shall be binding upon each contractor, subcontractor or Affiliate, as the case may be.

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

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

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

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

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

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

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of HED 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 HED, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

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

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

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

shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.

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

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

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

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

(b) For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "contract" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.03. In accordance with Section 2-92-730, Municipal

Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of HED.

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

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

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

(g) Prior to the commencement of the Project, the Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 10.03, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to 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 undertaken sufficient environmental due diligence to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws (as the same may be modified by one or more "no further remediation" letters to be issued with respect to the Property) and this Agreement and all Exhibits attached hereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, Developer agrees to indemnify, defend and hold 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 City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of Developer: (i) the presence of any Hazardous 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 Developer, or any person directly or indirectly controlling, controlled by or under common control with 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 Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of City or Developer or any of its subsidiaries under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

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

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

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, independent contractors, broad form property damage and contractual liability coverages are to be included.

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

(i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in statutory amounts, covering all employees who are to provide a service under or in connection with this Agreement. Employer's liability coverage with limits of not less than \$100,000.00 for each accident or illness shall be included.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$2,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Products/completed operations, explosion, collapse, underground, independent contractors, broad form property damage and contractual liability coverages are to be included.

(iii) Automobile Liability Insurance

When any motor vehicles are used in connection with work to be performed in connection with this Agreement, the Developer shall provide Automobile Liability Insurance with limits of not less than \$1,000,000.00 per occurrence combined single limit, for bodily injury and property damage.

(iv) All Risk Builders Risk Insurance

When the Developer, any contractor or subcontractor undertakes any construction, including improvements, betterments, and/or repairs, Developer, such contractor or subcontractor shall provide All Risk Blanket Builder's Risk Insurance to cover the materials, equipment, machinery and fixtures that are or will be part of the permanent facilities. Coverage extensions shall include boiler and machinery, and flood.

(v) Professional Liability

When any architects, engineers or consulting firms perform work in connection with this Agreement, Professional Liability insurance shall be maintained with limits of \$1,000,000.00. The policy shall have an extended reporting period of two years. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Project.

(c) Other Provisions

Upon HED's request, the Developer shall provide HED with copies of insurance policies or certificates evidencing the coverage specified above. If the Developer fails to obtain or maintain any of the insurance policies required under this Agreement or to pay any insurance policies required under this Agreement, or to pay any premium in whole or in part when due, the City may (without waiving or releasing any obligation or Event of Default by the Developer hereunder) obtain and maintain such insurance policies and take any other action which the City deems advisable to protect its interest in the Property and/or the Project. All sums so disbursed by the City including reasonable attorneys' fees, court costs and expenses, shall be reimbursed by the Developer upon demand by the City.

The Developer agrees, and shall cause each contractor and subcontractor to agree, that any insurance coverages and limits furnished by the Developer and such contractors or subcontractors shall in no way limit the Developer's liabilities and responsibilities specified under this Agreement or any related documents or by law, or such contractor's or subcontractor's liabilities and responsibilities specified under any related documents or by law. The Developer shall require all contractors and subcontractors to carry the insurance required herein, or the Developer may provide the coverage for any or all contractors and subcontractors, and if so, the evidence of insurance submitted shall so stipulate.

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

The Developer shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's Regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transport of Hazardous Materials.

The City maintains the right to modify, delete, alter or change the provisions of this Section 12 and so long as such action does not, without the Developer's prior written consent, increase the requirements set forth in this Section 12 beyond that which is reasonably customary at such time.

SECTION 13. INDEMNIFICATION

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses including, without limitation, reasonable attorneys' fees and court costs, suffered or incurred by the City arising from or in connection with (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Developer's or any contractor's failure to pay contractors or materialmen in connection with the Project, or (iii) the existence of any material misrepresentation or omission in the Redevelopment Plan or any other document related to this Agreement and executed by the Developer 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 its misrepresentation in this Agreement or any other agreement relating thereto within the cure period provided.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

14.02 Inspection Rights. Any authorized representative of the City shall have access to all portions of the Project and the Retail 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, following expiration of applicable cure periods under Sections 15.03 and subject further to Section 17.16, 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 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 when made;

(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 Retail Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens;

(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 90 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 90 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 30 days after such entry without a stay of enforcement or execution;

(h) a change in the Developer's general partner (except a "for cause" replacement of such general partner by the limited partner in accordance with the Developer's partnership agreement), addition of a general partner or sale or other transfer of all or a controlling interest in the ownership of the general partner without HED's prior written consent; or

(i) a change in the ownership of the Project without HED's prior written consent.

15.02 Remedies. (a) Subject to the provisions of paragraph (b) of this section, upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of the City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, secure the specific performance of the agreements contained herein, or may be awarded damages for failure of performance, or both, provided, however, that the City shall not obtain a lien against the Retail Property.

(b) Notwithstanding any other provision in this Agreement, the City shall not terminate this Agreement or suspend disbursement of the City Funds upon the occurrence of an Event of Default unless foreclosure proceedings have been commenced under the mortgage securing the Senior Loan or a deed in lieu of such foreclosure has been executed and delivered and provided that Senior Lender has not cured the Event of Default within the curative time period provided allowed under Section 15.04(b).

(c) The City's obligation under City Note 1 shall survive termination of this Agreement.

15.03 Curative Period. In the event the Developer shall fail to perform a covenant which 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 Developer shall have failed to perform such covenant within 30 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those defaults which are not reasonably capable of being cured within such 30-day period, if the Developer has commenced to cure the alleged default within such 30-day period and thereafter continues diligently to effect such cure, then said 30-day period shall be extended to 60 days upon written request from the Developer to the City delivered during such 30-day period, and upon further written request from the Developer to the City delivered during such 60-day period, said 60-day period shall be extended to 90 days; provided, further, that such default is cured in any event within 120 days of the date of the Developer's receipt of a written default notice.

15.04 Right to Cure by Lenders and Investors. Except for an Event of Default arising in connection with the covenants of Section 8.15 which section has cure rights set forth therein, in the

event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in the termination of this Agreement or the cancellation, suspension, or reduction of any payment due from the City under this Agreement, the City shall send notice of such intended exercise to the parties identified in Section 16 and the Lenders and the limited partner investor(s) in the Developer shall have the right (but not the obligation) to cure such an Event of Default under the following conditions:

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

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

SECTION 16. 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) overnight courier, or (c) registered or certified or facsimile mail, return receipt requested.

If to City: City of Chicago
Department of Housing and Economic Development
121 North LaSalle Street, 10th Floor
Chicago, Illinois 60602
Attention: Commissioner
cc: Manager of Special Finance

With Copies To: City of Chicago
Department of Law
Finance and Economic Development Division
121 North LaSalle Street, Room 600
Chicago, IL 60602

and: Department of Finance
City of Chicago
121 North LaSalle Street, Room 501
Chicago, Illinois 60602
Attn: City Comptroller

If to Developer: Arches Retail Development LLC
330 S. Wells, Suite 400

Chicago, IL 60606
Attention: Joseph Williams

ARD Sponsor LLC
330 S. Wells, Suite 400
Chicago, IL 60606
Attention: Joseph Williams

with a copy to:

DLA Piper US LLP
203 North LaSalle Street, 19th Floor
Chicago, IL 60601
Attention: Paul Shadle

and to:

Oakwood Shores Terrace Associates Limited Partnership
c/o The Community Builders, Inc.
95 Berkeley Street, Suite 500
Boston, Massachusetts 02116
Attn: Senior Vice President
Development Operations

and to:

Applegate & Thorne-Thomsen
626 West Jackson, Suite 400
Chicago, IL 60661
Attention: Paul Davis

and to:

The Community Builders, Inc.
95 Berkeley Street, Suite 500
Boston, Massachusetts 02116
Attn: Senior Vice President
Development Operations

To Senior Lender:

JPMorgan Chase Bank, N.A
Community Development Real Estate
Chase Tower
10 South Dearborn Street
Mail Code IL1-0953
Chicago, Illinois 60603
Attn: Paul Vlamis

With copy to:

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

If to CDE Lender: CDF Suballocatee XIII, LLC
 c/o Dept. of Community Development, City of Chicago
 121 N LaSalle, Room 1000
 Chicago, Illinois 60602
 Attention: Commissioner, Dept. of Community
 Development
 Facsimile: (312) 747-9207
 And
 Attention: Deputy Commissioner for Development
 Finance, Dept. of Community
 Development
 Facsimile: (312) 744-2324

with copies to: S.B. Friedman & Company
 221 N. LaSalle Street, Suite 820
 Chicago, Illinois 60601
 Attention: Tony Q. Smith
 Facsimile: (312) 424-4262

And to: Perkins Coie LLP
 131 S. Dearborn Street, Suite 1700
 Chicago, Illinois 60603
 Attention: Robert Stephan
 Facsimile: (312) 324-9400

Notice to Lender shall include a copy to: Chase Community Equity, LLC
 c/o JPMorgan Chase Bank, N.A.
 10 S. Dearborn, 19th Floor
 Mail Code: IL1-0953
 Chicago, Illinois 60603-5506
 Attention: NMTC Asset Manager

Chase Community Equity, LLC
 c/o JPMorgan Chase Bank, N.A.
 10 S. Dearborn, 19th Floor
 Mail Code: IL1-0953
 Chicago, Illinois 60603-5506
 Attention: Kevin Goldsmith, Vice President
 Facsimile: (312) 325-5050

and a copy to: SNR Denton US LLP
 233 South Wacker Drive, Suite 7800
 Chicago, Illinois 60606
 Attention: Todd Stennes
 Facsimile: (312) 876-7934

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 business day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two business days following deposit in the mail.

SECTION 17. MISCELLANEOUS

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

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

17.03 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.

17.04 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.

17.05 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.

17.06 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.

17.07 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.

17.08 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.

17.09 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.

17.10 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.

17.11 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.

17.12 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.

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

17.14 Assignment. The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, except that the Developer may collaterally assign its interest in the Redevelopment Agreement to the Senior Lender, if the Senior Lender requires such collateral assignment. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all terms of this Agreement for the Term of the Agreement, and shall execute an affidavit to the effect that it is in compliance with all applicable City ordinances and is otherwise qualified to do business with the City.

17.15 Binding Effect. This Agreement shall be binding upon the Developer and its successors and permitted assigns and shall inure to the benefit of the City, its successors and assigns. The provisions of this Agreement pertaining to the obligations of the City shall be binding upon the City.

17.16 Force Majeure. For the purposes of any of the provisions of this Agreement, neither the City nor the Developer, as the case may be, nor any successor in interest, 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 quantity 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 respective obligations hereunder.

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

17.18 No Business Relationship with City Elected Officials. Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or

employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to any of the Loan Documents, or in connection with the transactions contemplated thereby, shall be grounds for termination of the Redevelopment Agreement and the transactions contemplated thereby. 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 the Redevelopment Agreement or the transactions contemplated thereby.

SECTION 18. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Retail Property or any portion thereof are listed as Permitted Liens on Exhibit K 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 Retail Property or any portion thereof is referred to herein as a "New Mortgage." Any New Mortgage that the Developer may hereafter elect to execute and record or permit to be recorded against the Retail 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 Retail Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 17.14 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 Retail 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 17.14 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 has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

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

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.

ARCHES RETAIL DEVELOPMENT LLC, an Illinois limited liability company

By: Granite Madden Wells Retail, LLC, an Illinois limited liability company and its managing member

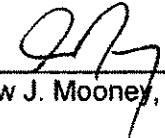
By: _____
Name: _____
Title: _____

ARD SPONSOR LLC, an Illinois limited liability company

By: _____

By: _____

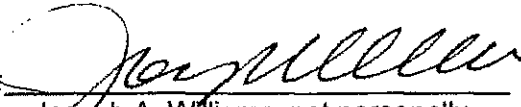
CITY OF CHICAGO, ILLINOIS, acting by and through its Department of Housing and Economic Development

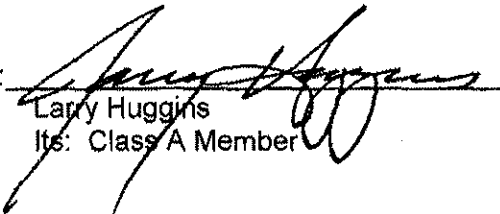
By:  _____
Andrew J. Mooney, Commissioner

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.

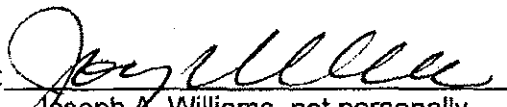
ARCHES RETAIL DEVELOPMENT LLC,
an Illinois limited liability company

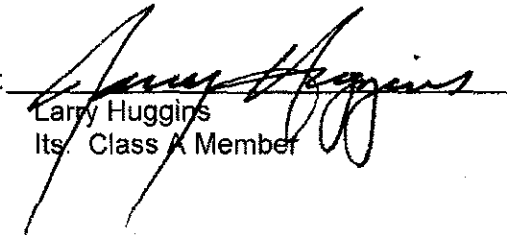
By: ARD SPONSOR LLC, an Illinois
limited liability company, its
managing member

By: 
Joseph A. Williams, not personally
but as Trustee of the Joseph A.
Williams Living Trust dated
March 28, 1995, as amended and
restated
Its: Class A Member

By: 
Larry Huggins
Its: Class A Member

ARD SPONSOR LLC, an Illinois limited
liability company

By: 
Joseph A. Williams, not personally
but as Trustee of the Joseph A.
Williams Living Trust dated March
28, 1995, as amended and restated
Its: Class A Member

By: 
Larry Huggins
Its: Class A Member

~~ARCHES RETAIL DEVELOPMENT LLC, an
Illinois limited liability company~~

~~By: Granite Madden Wells Retail, LLC, an
Illinois limited liability company and its
managing member~~

~~By: _____
Name: _____
Title: _____~~

~~ARD SPONSOR LLC, an Illinois limited
liability company~~

~~By: _____
By: _____~~

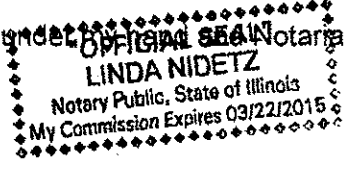
CITY OF CHICAGO, ILLINOIS, acting by
and through its Department of Housing and
Economic Development

By: _____
Andrew J. Mooney, Commissioner

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that JOSEPH A. WILLIAMS, who is 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 not personally, but as trustee of The Joseph A. Williams Living Trust dated March 28, 1995, as amended and restated, a Class A Member of ARCHES RETAIL DEVELOPMENT, LLC, an Illinois limited liability company (the "Company"), he signed and delivered the said instrument, as his free and voluntary act and as the free and voluntary act and deed of the Company, for the uses and purposes therein set forth.

GIVEN under my hand and Notary Seal this 7th day of March, 2012.



Linda Nidetz
Notary Public

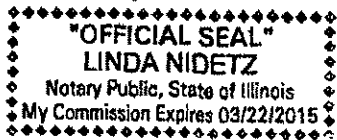
My Commission Expires: 3/22/15

[notary page to ARCHES RETAIL DEVELOPMENT REDEVELOPMENT AGREEMENT]

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that JOSEPH A. WILLIAMS, who is 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 not personally, but as trustee of The Joseph A. Williams Living Trust dated March 28, 1995, as amended and restated, a Class A Member of ARD SPONSOR LLC, an Illinois limited liability company (the "Company"), he signed and delivered the said instrument, as his free and voluntary act and as the free and voluntary act and deed of the Company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 7th day of March, 2012.



Linda Nidetz

Notary Public

My Commission Expires: 3/22/15

[notary page to ARCHES RETAIL DEVELOPMENT REDEVELOPMENT AGREEMENT]

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, Linda Nidetz, a Notary Public in and for said County, in the State aforesaid, DO HEREBY CERTIFY that Larry Huggins, Class A Member, of ARCHES RETAIL DEVELOPMENT, LLC, an Illinois limited liability company, 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 and delivered the said instrument as his own free and voluntary act, and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 7th day of March, 2012.



Linda Nidetz
Notary Public

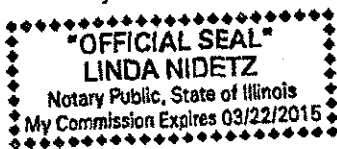
My Commission Expires: 3/22/15

[notary page to ARCHES RETAIL DEVELOPMENT REDEVELOPMENT AGREEMENT]

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that LARRY HUGGINS, who is 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 as a Class A Member of ARD SPONSOR LLC, an Illinois limited liability company (the "Company"), he signed and delivered the said instrument, as his free and voluntary act and as the free and voluntary act and deed of the Company, for the uses and purposes therein set forth.

GIVEN under my hand and Notarial Seal this 7th day of March, 2012.



Linda Nidetz

Notary Public

My Commission Expires: 3/22/15

[notary page to ARCHES RETAIL DEVELOPMENT REDEVELOPMENT AGREEMENT]

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

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

GIVEN under my hand and official seal this 7th day of MARCH, 2012.

Dionisia Leal
Notary Public

My commission expires 03-01-2013

(SEAL)

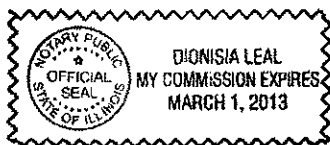


EXHIBIT A

MADDEN/WELLS REDEVELOPMENT AREA LEGAL DESCRIPTION

Not attached for recording

EXHIBIT B-1
RETAIL PROPERTY LEGAL DESCRIPTION
(Oakwood Shores Phase 2C)

See attached

B-1

LEGAL DESCRIPTION OF PREMISES

PARCEL 1:

C1:

THAT PART OF LOT 66 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO TOGETHER WITH THAT PART OF LOTS 6 TO 14, INCLUSIVE, IN ASSESSOR'S DIVISION OF LOTS 63, 64 AND 65 IN ELLIS' EAST ADDITION TO CHICAGO, TAKEN AS A TRACT, IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, TAKEN AS A TRACT, LYING BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +35.00 CHICAGO CITY DATUM AND LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +21.00 CHICAGO CITY DATUM AND LYING WITHIN ITS HORIZONTAL BOUNDARY DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST 38TH STREET, BEING ALSO THE NORTH LINE OF MADDEN WELLS SUBDIVISION, WITH THE EAST LINE OF THE 80 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID, 192.17 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 109.17 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 95.71 FEET; THENCE SOUTH 70 DEGREES 02 MINUTES 00 SECONDS WEST, 54.71 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 13.00 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 2.08 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 8.58 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 28.62 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 74.74 FEET TO THE NORTH LINE OF EAST 38TH STREET, AFORESAID; THENCE SOUTH 69 DEGREES 56 MINUTES 33 SECONDS WEST, 85.17 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Continued...

Legal Description – continued...

C2:

THAT PART OF LOT 66 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO TOGETHER WITH THAT PART OF LOTS 6 TO 14, INCLUSIVE, IN ASSESSOR'S DIVISION OF LOTS 63, 64 AND 65 IN ELLIS' EAST ADDITION TO CHICAGO, TAKEN AS A TRACT, IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, TAKEN AS A TRACT, LYING BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +49.00 CHICAGO CITY DATUM AND LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +35.00 CHICAGO CITY DATUM AND LYING WITHIN ITS HORIZONTAL BOUNDARY DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST 38TH STREET, BEING ALSO THE NORTH LINE OF MADDEN WELLS SUBDIVISION, WITH THE EAST LINE OF THE 80 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID, 192.17 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 85.00 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 192.03 FEET TO THE NORTH LINE OF EAST 38TH STREET, AFORESAID; THENCE SOUTH 69 DEGREES 56 MINUTES 33 SECONDS WEST, 85.00 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

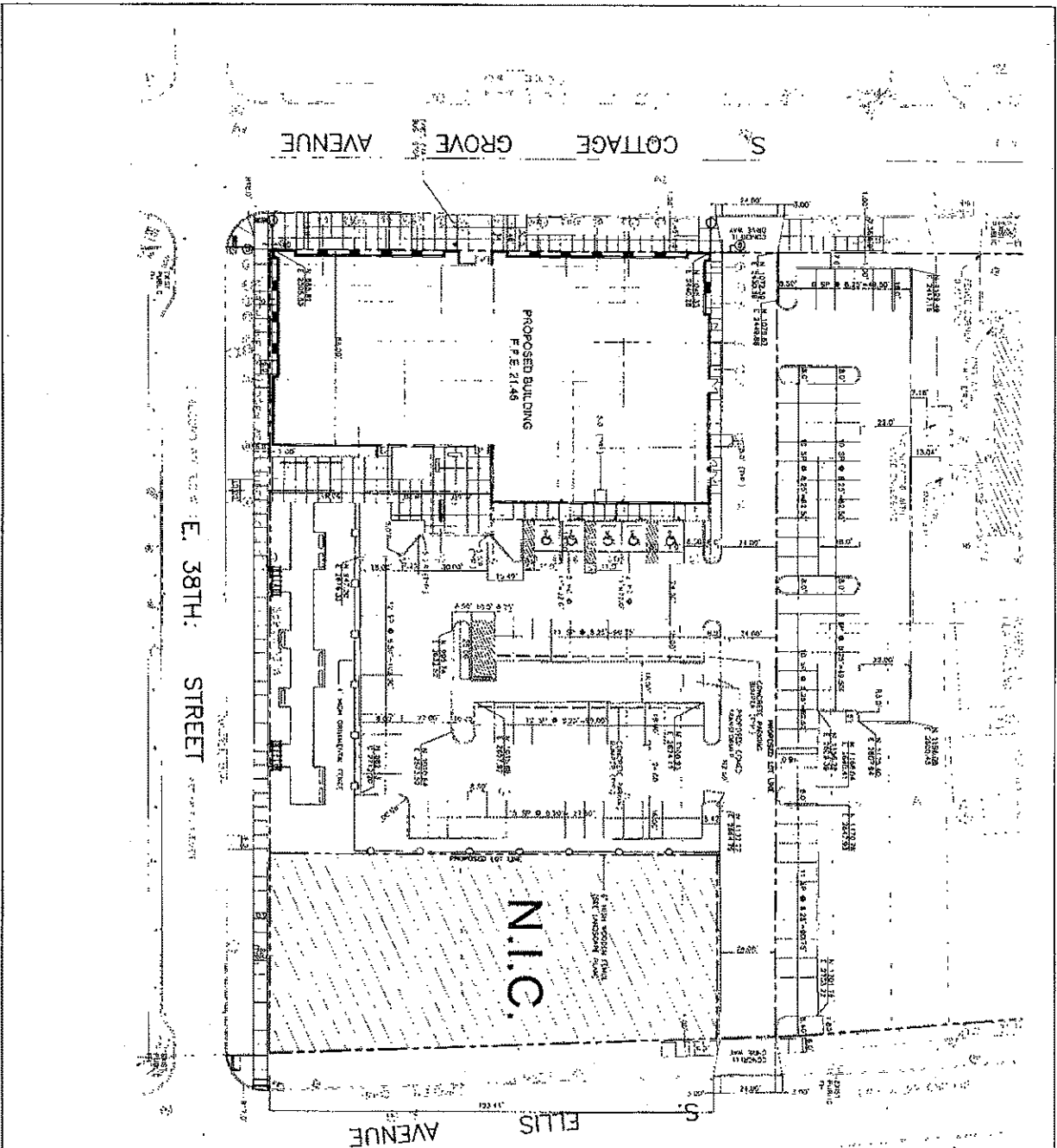
EXCEPT THAT PART THEREOF DESCRIBED AS FOLLOWS:

THAT PART OF LOT 66 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO TOGETHER WITH THAT PART OF LOTS 6 TO 14, INCLUSIVE, IN ASSESSOR'S DIVISION OF LOTS 63, 64 AND 65 IN ELLIS' EAST ADDITION TO CHICAGO, TAKEN AS A TRACT AND DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST 38TH STREET, BEING ALSO THE NORTH LINE OF MADDEN WELLS SUBDIVISION, WITH THE EAST LINE OF THE 80 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID, 74.87 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 59.33 FEET TO THE POINT OF BEGINNING; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, 7.75 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 18.25 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 7.75 FEET; THENCE SOUTH 70 DEGREES 02 MINUTES 00 SECONDS WEST, 18.25 FEET TO THE POINT OF BEGINNING.

EXHIBIT B-2

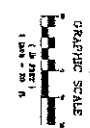
SITE PLAN

See attached



- NOTES:**
1. ALL DIMENSIONS REFER TO FACE OF CURB, LAND DIMENSIONS REFER TO FACE OF CURB.
 2. FIELD RECORDS FOR THIS PROJECT, INCLUDING THE LOCATION OF ANY DISCREPANCIES.
 3. CONSTRUCTION ACCESS POINTS TO THE SITE SHALL BE INDICATED BY A DASHED LINE TO THE RIGHT OF THE CURB OR ROADWAY. ALL BUILDING OPERATIONS ARE TO OCCUR EAST OF ROADWAY. ALL DIMENSIONS TO CURB OR ROADWAY SHALL BE INDICATED BY A DASHED LINE TO THE RIGHT OF THE CURB OR ROADWAY.

- LEGEND:**
- PROPERTY LINE (P.L.)
 - SETBACK LINE
 - NEW STRUCTURE
 - NEW SIDEWALK ACCESS ROAD
 - NEW TIE-UP DRIVE
 - NEW DRIVE & DRIVE
 - NEW IMPROVED DRIVE & DRIVE



			Project No: MERCY MEDICAL BUILDING AT DANWOOD SHORES 215-2318 SOUTH COTTAGE GROVE AVENUE, OGDON, IA	Project Number: 55719	Drawing No:
			Drawing Title: SITE GEOMETRY PLAN	Date: 27.03.09	Scale: AS NOTED
Client: JMM			Drawn By: FG		
Project Manager:			Checked By: JMM		

EXHIBIT B-3
HOUSING PROPERTY LEGAL DESCRIPTION
(Oakwood Shores Phase 2C)

See attached

LEGAL DESCRIPTION

***PARCEL 1:

THAT PART OF LOT 66 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO TOGETHER WITH THAT PART OF LOTS 6 TO 14, INCLUSIVE, IN ASSESSOR'S DIVISION OF LOTS 63, 64 AND 65 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO, TAKEN AS A TRACT, IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST 38TH STREET, BEING ALSO THE NORTH LINE OF MADDEN WELLS SUBDIVISION, WITH THE EAST LINE OF THE 80 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE NORTH 69 DEGREES 56 MINUTES 33 SECONDS EAST, ALONG THE NORTH LINE OF EAST 38TH STREET, AFORESAID, 260.00 FEET; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, 196.58 FEET; THENCE NORTH 69 DEGREES 56 MINUTES 33 SECONDS EAST, 78.39 FEET TO THE WEST LINE OF THE 66 FOOT WIDE SOUTH ELLIS AVENUE; THENCE NORTH 22 DEGREES 04 MINUTES 47 SECONDS WEST, ALONG THE WEST LINE OF SOUTH ELLIS AVENUE, AFORESAID, 20.66 FEET TO THE SOUTHEAST CORNER OF SAID LOT 6; THENCE NORTH 22 DEGREES 04 MINUTES 47 SECONDS WEST, ALONG THE WEST LINE OF SOUTH ELLIS AVENUE, AFORESAID, 3.36 FEET; THENCE SOUTH 69 DEGREES 56 MINUTES 33 SECONDS WEST, 337.50 FEET TO THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 220.58 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Continued...

Legal Description - continued...

EXCEPT THE FOLLOWING:

C1:

THAT PART OF LOT 66 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO TOGETHER WITH THAT PART OF LOTS 6 TO 14, INCLUSIVE, IN ASSESSOR'S DIVISION OF LOTS 63, 64 AND 65 IN ELLIS' EAST ADDITION TO CHICAGO, TAKEN AS A TRACT, IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, TAKEN AS A TRACT, LYING BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +35.00 CHICAGO CITY DATUM AND LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +21.00 CHICAGO CITY DATUM AND LYING WITHIN ITS HORIZONTAL BOUNDARY DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST 38TH STREET, BEING ALSO THE NORTH LINE OF MADDEN WELLS SUBDIVISION, WITH THE EAST LINE OF THE 80 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID, 192.17 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 109.17 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 95.71 FEET; THENCE SOUTH 70 DEGREES 02 MINUTES 00 SECONDS WEST, 54.71 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 13.00 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 2.08 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 8.58 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 28.62 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 74.74 FEET TO THE NORTH LINE OF EAST 38TH STREET, AFORESAID; THENCE SOUTH 69 DEGREES 56 MINUTES 33 SECONDS WEST, 85.17 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Continued...

Legal Description - continued...

C2:

THAT PART OF LOT 66 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO TOGETHER WITH THAT PART OF LOTS 6 TO 14, INCLUSIVE, IN ASSESSOR'S DIVISION OF LOTS 63, 64 AND 65 IN ELLIS' EAST ADDITION TO CHICAGO, TAKEN AS A TRACT, IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, TAKEN AS A TRACT, LYING BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +49.00 CHICAGO CITY DATUM AND LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +35.00 CHICAGO CITY DATUM AND LYING WITHIN ITS HORIZONTAL BOUNDARY DESCRIBED AS FOLLOWS: BEGINNING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST 38TH STREET, BEING ALSO THE NORTH LINE OF MADDEN WELLS SUBDIVISION, WITH THE EAST LINE OF THE 80 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID, 192.17 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 85.00 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 192.03 FEET TO THE NORTH LINE OF EAST 38TH STREET, AFORESAID; THENCE SOUTH 69 DEGREES 56 MINUTES 33 SECONDS WEST, 85.00 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

EXCEPT THAT PART OF C1 AND C2 DESCRIBED AS FOLLOWS:

THAT PART OF LOT 66 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO TOGETHER WITH THAT PART OF LOTS 6 TO 14, INCLUSIVE, IN ASSESSOR'S DIVISION OF LOTS 63, 64 AND 65 IN ELLIS' EAST ADDITION TO CHICAGO, TAKEN AS A TRACT AND DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST 38TH STREET, BEING ALSO THE NORTH LINE OF MADDEN WELLS SUBDIVISION, WITH THE EAST LINE OF THE 80 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID, 74.87 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 59.33 FEET TO THE POINT OF BEGINNING; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, 7.75 FEET; THENCE NORTH 70 DEGREES 02 MINUTES 00 SECONDS EAST, 18.25 FEET; THENCE SOUTH 19 DEGREES 58 MINUTES 00 SECONDS EAST, 7.75 FEET; THENCE SOUTH 70 DEGREES 02 MINUTES 00 SECONDS WEST, 18.25 FEET TO THE POINT OF BEGINNING.***

Continued...

Legal Description - continued...

PARCEL 2:

A PERPETUAL, NON-EXCLUSIVE EASEMENT FOR CONSTRUCTION AND USE OF A SHARED PARKING LOT AND FOR ACCESS OVER THE ACCESS ROAD PURSUANT TO THAT CERTAIN SHARED PARKING LOT AGREEMENT RECORDED MARCH 9, 2012 AS DOCUMENT NUMBER 1206945086 OVER THE PREMISES DESCRIBED AS FOLLOWS:

THAT PART OF LOTS 4, 5, 6, 14 AND 15 TAKEN AS A TRACT, IN ASSESSOR'S DIVISION OF LOTS 63, 64 AND 65 IN ELLIS' EAST OR SECOND ADDITION TO CHICAGO, AFORESAID, TAKEN AS A TRACT, IN THE SOUTHEAST QUARTER OF SECTION 34 AND FRACTIONAL SECTION 35, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS: COMMENCING AT THE POINT OF INTERSECTION OF THE NORTH LINE OF EAST 38TH STREET, BEING ALSO THE NORTH LINE OF MADDEN WELLS SUBDIVISION, WITH THE EAST LINE OF THE 80 FOOT WIDE SOUTH COTTAGE GROVE AVENUE; THENCE NORTH 69 DEGREES 56 MINUTES 33 SECONDS EAST, ALONG THE NORTH LINE OF EAST 38TH STREET, AFORESAID, 260.00 FEET; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, 196.58 FEET; THENCE NORTH 69 DEGREES 56 MINUTES 33 SECONDS EAST, 78.39 FEET TO THE WEST LINE OF THE 66 FOOT WIDE SOUTH ELLIS AVENUE; THENCE NORTH 22 DEGREES 04 MINUTES 47 SECONDS WEST, ALONG THE WEST LINE OF SOUTH ELLIS AVENUE, AFORESAID, 20.66 FEET TO THE SOUTHEAST CORNER OF SAID LOT 6; THENCE NORTH 22 DEGREES 04 MINUTES 47 SECONDS WEST, ALONG THE WEST LINE OF SOUTH ELLIS AVENUE, AFORESAID, 3.36 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 69 DEGREES 56 MINUTES 33 SECONDS WEST, 337.50 FEET TO THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID; THENCE NORTH 19 DEGREES 58 MINUTES 00 SECONDS WEST, ALONG THE EAST LINE OF SOUTH COTTAGE GROVE AVENUE, AFORESAID, 59.32 FEET; THENCE NORTH 69 DEGREES 56 MINUTES 33 SECONDS EAST, 203.00 FEET; THENCE SOUTH 20 DEGREES 03 MINUTES 27 SECONDS EAST, 40.30 FEET; THENCE NORTH 69 DEGREES 56 MINUTES 33 SECONDS EAST, 133.42 FEET TO THE WEST LINE OF SOUTH ELLIS AVENUE; THENCE SOUTH 24 DEGREES 31 MINUTES 02 SECONDS EAST, ALONG SAID WEST LINE, 7.50 FEET; THENCE SOUTH 22 DEGREES 04 MINUTES 47 SECONDS EAST, ALONG SAID WEST LINE, 11.55 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Continued...

Legal Description - continued...

PARCEL 3:

A PERPETUAL, NON-EXCLUSIVE EASEMENT FOR SUPPORT; INGRESS AND EGRESS; USE, MAINTENANCE, REPAIR AND REPLACEMENT OF SHARED AREAS AND FACILITIES; AND USE OF SHARED STAIRWAYS PURSUANT TO THAT CERTAIN RECIPROCAL EASEMENT AND OPERATING AGREEMENT RECORDED MARCH 9, 2012 AS DOCUMENT NUMBER 1206943085.***

PERMANENT REAL ESTATE INDEX NOS. 17-34-421-081, 17-34-421-082, 17-34-421-093, 17-34-421-096, 17-34-421-099, 17-34-421-100, and 17-34-421-101

ADDRESSES: 3755 S. COTTAGE GROVE AVENUE, CHICAGO, ILLINOIS

EXHIBIT C

REDEVELOPMENT PLAN

Not attached for recording

EXHIBIT D-1A

FORM OF CITY NOTE A

Form of City Note A for up to a maximum amount of \$1,950,000, and related Certificate of Expenditure are attached to this exhibit cover sheet.

CERTIFICATE OF EXPENDITURE

_____, 20__

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$1,950,000 Tax Increment Allocation Revenue Note
(Arches Retail Development Project Redevelopment Project), Taxable Series A (the
"City Note A")

This Certificate is submitted to you, as Registered Owner of City Note A, pursuant to the Ordinance of the City authorizing the execution of City Note A adopted by the City Council of the City on March 10, 2010 (the "Ordinance"). All terms used herein shall have the same meanings as when used in the Ordinance.

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

IN WITNESS WHEREOF, the City has caused this Certificate to be signed on its behalf as of _____, _____.

CITY OF CHICAGO

By: _____

Commissioner
Department of Housing and
Economic Development

AUTHENTICATED BY:

REGISTRAR

REGISTERED
NO. R-1A

MAXIMUM AMOUNT
NOT TO EXCEED
\$1,950,000

UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
(ARCHES RETAIL DEVELOPMENT PROJECT REDEVELOPMENT PROJECT)
TAXABLE SERIES A

Registered Owner: ARD Sponsor LLC, an Illinois limited liability company

Interest Rate: ____% per annum (but not more than 9%)

Maturity Date: December 31, 2027

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the Ordinance hereinafter referred to up to the principal amount of \$1,950,000 and to pay the Registered Owner or registered assigns interest on that amount at the Interest Rate per year specified above from the date of the advance. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable on or before May 1st of each year following issuance of the Certificate (as defined in the Redevelopment Agreement) from a percentage of Available Incremental Taxes as provided in the Redevelopment Agreement (hereinafter defined), to be applied first to accrued and unpaid interest and the balance to principal.

The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the 15th day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City.

This Note is issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by ARD Sponsor LLC, an Illinois limited liability company ("Sponsor") and/or Arches Retail Development, LLC, an Illinois limited liability company ("Arches" and together with Sponsor, the "Developer"), of up to \$1,950,000 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of property in the Madden/Wells Redevelopment Project Area (the "Project Area") in the City, with such redevelopment work and related construction being defined as the "Project", all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) as amended (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) as amended and an Ordinance adopted by the City Council of the City on March 10, 2010 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal of and interest of the Note. The revenues so pledged are described in the Redevelopment Agreement (hereinafter

defined) as: "Available Incremental Taxes". Reference is hereby made to the aforesaid Ordinance for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to the Note and the terms and conditions under which the Note is issued and secured. **THIS NOTE IS NOT A GENERAL OR MORAL OBLIGATION OF THE CITY BUT IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM THE AVAILABLE INCREMENTAL TAXES, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE.**

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty.

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

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide. Pursuant to the Redevelopment Agreement dated as of _____, 2012 (the "Redevelopment Agreement") between the City and Developer, Developer has agreed to construct the Project and to advance funds for the incursion under the TIF Act of certain eligible redevelopment project costs related to the Project. Such costs up to the amount of \$1,950,000 shall be deemed to be a disbursement of the proceeds of this Note, and the outstanding principal amount of this Note shall be increased by the amount of each such advance from time to time. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") executed by the City in accordance with the Redevelopment Agreement, minus any principal amount paid on this Note. The City shall not execute Certificates of Expenditure with respect to this Note that total in excess of \$1,950,000.

Pursuant to Sections 4.03 and 15.02 of the Redevelopment Agreement, the City has reserved the right to terminate and suspend payments on this Note upon the occurrence and continuance of certain events, as described in the Redevelopment Agreement. Such right shall survive any transfer of this Note by the Registered Owner.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

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

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

Mayor

(SEAL)
Attest:

City Clerk

CERTIFICATE
OF
AUTHENTICATION

Registrar and Paying Agent:
Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the \$1,950,000 Tax Increment Allocation Revenue Note (Arches Retail Development Project Redevelopment Project), Taxable Series A, of the City of Chicago, Cook County, Illinois.

Comptroller

Date: _____

(ASSIGNMENT)

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

Dated: _____
Registered Owner

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

Signature Guaranteed: _____

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

Consented to as of: _____

City of Chicago, Illinois

By: _____
Title: _____, Department of
Housing and Economic Development

EXHIBIT D-1B

FORM OF CITY NOTE 1

Form of City Note 1 for up to a maximum amount of \$1,500,000, and related Certificate of Expenditure are attached to this exhibit cover sheet.

CERTIFICATE OF EXPENDITURE

_____, 200__

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$1,500,000 Tax Increment Allocation Revenue Note
(Arches Retail Development Project Redevelopment Project), Series A (the "City Note 1")

This Certificate is submitted to you, as Registered Owner of City Note 1, pursuant to the Ordinance of the City authorizing the execution of City Note 1 adopted by the City Council of the City on March 10, 2010 (the "Ordinance"). All terms used herein shall have the same meanings as when used in the Ordinance.

The City hereby certifies that \$ _____ is advanced as principal under City Note 1 as of the date hereof. Such amount has been properly incurred, is a proper charge made or to be made in connection with the redevelopment project costs defined in the Ordinance and has not been the basis of any previous principal advance. As of the date hereof, the outstanding principal balance under City Note 1 is \$ _____, including the amount of this Certificate and less payments made on City Note 1.

IN WITNESS WHEREOF, the City has caused this Certificate to be signed on its behalf as of _____.

CITY OF CHICAGO

By: _____

Commissioner
Department of Housing and
Economic Development

AUTHENTICATED BY:

REGISTRAR

REGISTERED
NO. R-1

MAXIMUM AMOUNT
NOT TO EXCEED
\$1,500,000

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
(ARCHES RETAIL DEVELOPMENT PROJECT REDEVELOPMENT PROJECT)
TAX EXEMPT SERIES A**

Registered Owner: ARD Sponsor LLC, an Illinois limited liability company

Interest Rate: ___% per annum (but not more than 9%)

Maturity Date: December 31, 20___ [one year following expiration of TIF Area]

****KNOW ALL PERSONS BY THESE PRESENTS**, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the Ordinance hereinafter referred to up to the principal amount of \$1,500,000 and to pay the Registered Owner or registered assigns interest on that amount at the Interest Rate per year specified above from the date of the advance. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable annually on or before May 1st of each year from a percentage of Available Incremental Taxes as provided in the Redevelopment Agreement (hereinafter defined), to be applied first to accrued and unpaid interest and the balance to principal.

The principal of and interest on this Note are payable in lawful money of the United

States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the 15th day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City.

This Note is issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by ARD Sponsor LLC, an Illinois limited liability company ("Sponsor") and/or Arches Retail Development, LLC, an Illinois limited liability company ("Arches" and together with Sponsor, the "Developer") of up to \$1,500,000 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of property in the Madden/Wells Redevelopment Project Area (the "Project Area") in the City, with such redevelopment work and related construction being defined as the "Project", all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) as amended (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) as amended and an Ordinance adopted by the City Council of the City on March 10, 2010 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal of and interest of the Note. The revenues so pledged are described in the Redevelopment Agreement (hereinafter defined) as: "Available Incremental Taxes". Reference is hereby made to the aforesaid

Ordinance for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to the Note and the terms and conditions under which the Note is issued and secured. **THIS NOTE IS NOT A GENERAL OR MORAL OBLIGATION OF THE CITY BUT IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM THE AVAILABLE INCREMENTAL TAXES, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE.**

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty (except during any City Note 1 Lock-Out Period, as defined in the Redevelopment Agreement).

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

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide. Pursuant to the Redevelopment Agreement dated as of _____, 2012 (the "Redevelopment Agreement") between the City and Developer, Developer has agreed to construct the Project and to advance funds for the incursion under the TIF Act of certain eligible redevelopment project costs related to the Project. Such costs up to the amount of \$1,500,000 shall be deemed to be a disbursement of the proceeds of this Note, and the outstanding principal amount of this Note shall be increased by the amount of each such advance from time to time. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") executed by the City in accordance with the Redevelopment Agreement, minus any principal amount paid on this Note. The City shall not execute Certificates of Expenditure with respect to this Note that total in excess of \$1,500,000.

The City shall have no right to suspend and/or terminate payments of principal and of interest on this Note. The City shall be obligated to make payments under this Note notwithstanding that an Event of Default (as defined in the Redevelopment Agreement or in any other agreement between Developer and the City), or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. Such obligations shall survive any transfer, pledge or conveyance of this Note and/or termination of the Redevelopment Agreement and/or any other agreement between Developer and the City.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did

exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

Mayor

(SEAL)
Attest:

City Clerk

CERTIFICATE
OF
AUTHENTICATION

Registrar and Paying Agent:
Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the within mentioned Ordinance and is the \$1,500,000 Tax Increment Allocation Revenue Note (Arches Retail Development Project Redevelopment Project), Series A, of the City of Chicago, Cook County, Illinois.

Comptroller

Date: _____

(ASSIGNMENT)

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

Dated: _____
Registered Owner

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

Signature Guaranteed: _____

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

Consented to as of: _____

City of Chicago, Illinois

By: _____
Title: _____, Department of
Housing and Economic Development

EXHIBIT D-2

FORM OF CITY NOTE 2

Form of City Note 2 for up to a maximum amount of \$450,000 (plus accrued interest from City Note A), and related Certificate of Expenditure are attached to this exhibit cover sheet.

CERTIFICATE OF EXPENDITURE

_____, 200__

To: Registered Owner

Re: City of Chicago, Cook County, Illinois (the "City")
\$450,000 Tax Increment Allocation Revenue Note
(Arches Retail Development Project Redevelopment Project), Taxable Series B (the
"City Note 2")

This Certificate is submitted to you, as Registered Owner of City Note 2, pursuant to the Ordinance of the City authorizing the execution of City Note 2 adopted by the City Council of the City on March 10, 2010 (the "Ordinance"). All terms used herein shall have the same meanings as when used in the Ordinance.

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

IN WITNESS WHEREOF, the City has caused this Certificate to be signed on its behalf as of _____, _____.

CITY OF CHICAGO

By: _____,
Commissioner
Department of Housing and Economic

Development

AUTHENTICATED BY:

REGISTRAR

REGISTERED
NO. R-1

MAXIMUM AMOUNT
NOT TO EXCEED
\$450,000

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE
(ARCHES RETAIL DEVELOPMENT PROJECT REDEVELOPMENT PROJECT)
TAXABLE SERIES B**

Registered Owner: ARD Sponsor LLC, an Illinois limited liability company

Interest Rate: ____% per annum (but not more than 9%)

Maturity Date: December 31, 20____ [one year following expiration of TIF area]

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the Ordinance hereinafter referred to up to the principal amount of \$450,000 (excluding interest accrued on City Note A, as defined in the Redevelopment Agreement) and to pay the Registered Owner or registered assigns interest on that amount at the Interest Rate per year specified above from the date of the advance. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on accrued but unpaid interest on this Note shall accrue at the Interest Rate per year specified above. Principal of and interest on this Note are payable on or before May 1st of each year from a percentage of Available Incremental Taxes as provided in the Redevelopment Agreement (hereinafter defined), to be applied first to accrued and unpaid interest and the balance to principal.

The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof as shown on the registration books of the City maintained by the Comptroller of the City, as registrar and paying agent (the "Registrar"), at the close of business on the 15th day of the month immediately prior to the applicable payment, maturity or redemption date, and shall be paid by check or draft of the Registrar, payable in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City.

This Note is issued by the City in fully registered form in the aggregate principal amount of advances made from time to time by ARD Sponsor LLC, an Illinois limited liability company ("Sponsor") and/or Arches Retail Development, LLC, an Illinois limited liability company ("Arches" and together with Sponsor, the "Developer") of up to \$450,000 (excluding interest accrued on City Note A) for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the redevelopment of property in the Madden/Wells Redevelopment Project Area (the "Project Area") in the City, with such redevelopment work and related construction being defined as the "Project", all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) as amended (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) as amended and an Ordinance adopted by the City Council of the City on March 10, 2010 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal of and interest of

the Note. The revenues so pledged are described in the Redevelopment Agreement (hereinafter defined) as: "Available Incremental Taxes". Reference is hereby made to the aforesaid Ordinance for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to the Note and the terms and conditions under which the Note is issued and secured. **THIS NOTE IS NOT A GENERAL OR MORAL OBLIGATION OF THE CITY BUT IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM THE AVAILABLE INCREMENTAL TAXES, AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OF OR INTEREST ON THIS NOTE.**

The principal of this Note is subject to prepayment and redemption at any time without premium or penalty (except during any City Note 2 Lock-Out Period, as defined in the Redevelopment Agreement).

This Note is transferable with the consent of the City by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar in Chicago, Illinois, but only in the manner and subject to the limitations provided in the Ordinance, and upon surrender and cancellation of this Note. Upon such transfer, a new Note of authorized denomination of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Registrar shall not be required to transfer this Note during the period beginning at the close of business on the 15th day of the month immediately prior to the maturity date of this Note nor to transfer this Note after notice calling this Note or a portion hereof for prepayment or redemption has been mailed, nor during a period of 5 days

next preceding mailing of a notice of prepayment or redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

This Note hereby authorized shall be executed and delivered as the Ordinance and the Redevelopment Agreement provide. Pursuant to the Redevelopment Agreement dated as of _____, 2012 (the "Redevelopment Agreement") between the City and Developer, Developer has agreed to construct the Project and to advance funds for the incursion under the TIF Act of certain eligible redevelopment project costs related to the Project. Such costs up to the amount of \$450,000 (excluding interest accrued under City Note A) shall be deemed to be a disbursement of the proceeds of this Note, and the outstanding principal amount of this Note shall be increased by the amount of each such advance from time to time. The principal amount outstanding of this Note shall be the sum of advances made pursuant to certificates of expenditure ("Certificates of Expenditure") executed by the City in accordance with the Redevelopment Agreement, minus any principal amount paid on this Note. The City shall not execute Certificates of Expenditure with respect to this Note that total in excess of \$450,000 (excluding interest accrued under City Note A). The principal amount of this Note may be reduced as provided in the Redevelopment Agreement.

Pursuant to Sections 4.03, 4.05 and 15.02 of the Redevelopment Agreement, the City has reserved the right to terminate and suspend payments of principal of and interest on this Note upon the occurrence and continuance of certain events, as described in the Redevelopment Agreement. Such right shall survive any transfer of this Note by the Registered Owner.

The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

It is hereby certified and recited that all conditions, acts and things required by law to exist, to happen, or to be done or performed precedent to and in the issuance of this Note did

exist, have happened, have been done and have been performed in regular and due form and time as required by law; that the issuance of this Note, together with all other obligations of the City, does not exceed or violate any constitutional or statutory limitation applicable to the City.

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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

Mayor

(SEAL)
Attest:

City Clerk

CERTIFICATE
OF
AUTHENTICATION

Registrar and Paying Agent:
Comptroller of the
City of Chicago,
Cook County, Illinois

This Note is described in the
within mentioned Ordinance and
is the \$450,000 Tax Increment
Allocation Revenue Note
(Arches Retail Development Project
Redevelopment Project), Taxable Series B,
of the City of Chicago,
Cook County, Illinois.

Comptroller

Date: _____

(ASSIGNMENT)

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

Dated: _____
Registered Owner

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

Signature Guaranteed: _____

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

Consented to as of: _____

City of Chicago, Illinois

By: _____

Title: _____, Department of
Housing and Economic Development

EXHIBIT E-1
PROJECT BUDGET

See attached.

Oakwood Shores Terraces Medical Office Building

Project Budget - Exhibit E-1

Description	Total (in \$'s)
A. LAND & ACQUISITION COSTS	
Land Acquisition	\$ -
TOTAL ACQUISITION COSTS	-
B. DIRECT COSTS	
Commercial - Direct Cost	2,986,550
Commercial - TI Build-Out	1,330,000
Site work	2,488,556
Donoughue School	150,000
TOTAL DIRECT COSTS	6,955,106
C. ARCHITECTURAL & ENGINEERING COSTS	
Architect- Design	224,955
Architect- Supervision	63,045
Architect- Reimbursable	10,000
Engineering Fees	-
TOTAL A & E COSTS	298,000
D. OTHER INDIRECT COSTS	
Developer's Fee	427,447
Construction Management	50,000
Environmental Audit & Tests	12,500
Permits	20,000
Surveys	10,000
NMTC Legal Fees	413,000
Title & Recording	15,000
Audit & Costs Certification	10,000
Appraisal & Market Study	5,750
MBE/WBE Consultant	50,000
Taxes During Development	10,000
Insurance During Development	36,182
TIF Consultant	20,000
Broker's Commission	438,000
Other Legal Fees	200,000
TOTAL OTHER INDIRECT COSTS	1,717,879
E. FINANCING COSTS	
Predevelopment Loan Lender Fee	4,150
Predevelopment Loan Interest	24,955
TIF Loan Lender Fee	15,000
TIF Loan Interest	180,000
Construction Loan Lender Fee	52,000
Construction Loan Interest	564,000
TOTAL FINANCING COSTS	840,105
F. CONTINGENCY	
Hard Cost Contingency	318,069
Soft Cost Contingency	88,688
TOTAL CONTINGENCY	406,757
G. OTHER PROJECT COSTS	
CDE Placement fee based on QEI	-
CDE audit fee to escrow	145,141
IF audit fee to escrow	145,141
Collateral Pledge - Chase	250,000
TIF Yr. 3 Interest Reserve	175,653
TOTAL OTHER PROJECT COSTS	715,935
TOTAL PROJECT COSTS	10,933,782

EXHIBIT E-2
MBE/WBE BUDGET

See attached.

**OAKWOOD SHORES TERRACE APARTMENTS & MEDICAL CENTER
MBE/WBE BUDGET****

CATEGORY	TYPE OF WORK PERFORMED	BUDGET	M/WBE BUDGET
CONSTRUCTION	ENVIRONMENTAL CONSTRUCTION	\$ 178,124	\$ 178,124
	SITE PREPARATION (DEMO EXISTING)	\$ 48,980	\$ 48,980
	MISC SITE WORK	\$ 73,405	\$ 73,405
	GRADING	\$ 315,000	\$ 315,000
	BITUMINOUS	\$ 47,420	\$ 47,420
	EXTERIOR UTILITIES	\$ 178,570	\$ 178,570
	LANDSCAPING & LAWN SPRINKLER	\$ 157,230	\$ 157,230
	CONCRETE EXTERIOR	\$ 112,060	\$ 112,060
	BRICK PAVERS	\$ 186,000	\$ 186,000
	CONCRETE	\$ 367,000	\$ 367,000
	GRADE BEAM	\$ 354,000	\$ 354,000
	CAISSON	\$ 293,000	\$ 293,000
	PRECAST	\$ 3,028,050	- Excluded -
	FRAMED WALL/CMU w/ BRICK VENEER	\$ 117,360	\$ 117,360
	MISC METALS	\$ 323,770	\$ 323,770
	CARPENTRY	\$ 279,867	\$ 279,867
	COUNTER TOPS	\$ 17,008	\$ 17,008
	DOORS AND FRAMES	\$ 153,052	\$ 153,052
	HARDWARE	\$ 65,959	\$ 65,959
	MILLWORK	\$ 16,540	\$ 16,540
	CABINETS	\$ 35,300	\$ 35,300
	FIREPROOF	\$ 12,600	\$ 12,600
	ROOFING	\$ 323,965	\$ 323,965
	GLASS	\$ 573,517	\$ 573,517
	DRYWALL	\$ 852,139	\$ 852,139
	ACOUSTICAL TILE	\$ 4,200	\$ 4,200
	CERAMIC TILE / QUARRY TILE	\$ 102,100	\$ 102,100
	RESILIENT TILE	\$ 12,850	\$ 12,850
	CARPET	\$ 72,300	\$ 72,300
	PAINT	\$ 193,690	\$ 193,690
	INTERIOR SIGNAGE	\$ 2,500	\$ 2,500
	TRASH CHUTE	\$ 6,725	\$ 6,725
	ELECTRONIC DIRECTORY / CARD ACCESS SYSTEM	\$ 9,630	\$ 9,630
	ENTRY MAT	\$ 4,850	\$ 4,850
	CLOSET SHELVING	\$ 19,850	\$ 19,850
	BATH ACCESSORIES / BATH MIRROR	\$ 17,680	\$ 17,680
	BLINDS	\$ 21,859	\$ 21,859
	VIDEO SURVEILLANCE SYSTEM	\$ 60,000	\$ 60,000
	KITCHEN EQUIPMENT	\$ 149,969	\$ 149,969
	ELEVATOR	\$ 294,048	\$ 294,048
	FIRE SPRINKLER	\$ 13,980	\$ 13,980
	PLUMBING	\$ 787,500	\$ 787,500
	HVAC	\$ 1,465,000	\$ 1,465,000
	ELECTRIC	\$ 934,600	\$ 934,600
	CARPENTRY MISC LABOR *	\$ 148,657	\$ 148,657
	SURVEYING	\$ 40,000	\$ 40,000
	WINTER CONDITIONS & UTILITIES	\$ 130,000	\$ 130,000
SUBTOTAL	\$ 12,601,904	\$ 9,873,954	
ADDITIONAL CONTINGENCIES	GENERAL CONDITIONS	\$ 479,148	\$ 479,148
	INSURANCE & PERFORMANCE BOND	\$ 274,510	\$ 274,510
	MCC OVERHEAD	\$ 250,906	\$ 250,906
	MCC PROFIT	\$ 753,256	\$ 753,256
	SUBTOTAL	\$ 1,757,820	\$ 1,757,820

TOTAL HARD COST BUDGET =	\$ 14,359,723	\$ 11,331,673
FINAL MBE/WBE BUDGET * =		\$ 11,331,673

MBE (24%) = \$ 2,719,602

WBE (4%) = \$ 453,267

* Final MBE/WBE Budget refers to the total contract less exclusion (Precast).

This document was prepared by Target Group, Inc. based on information received from the General Contractor.

** This MBE/WBE BUDGET is based on the entire project related to the Housing Property and the Retail Property.

EXHIBIT F

LIST OF PLANS AND SPECIFICATIONS

Not attached for recording.
[See Exhibit to the General Contract]

EXHIBIT G

TIF-FUNDED IMPROVEMENTS

See attached.

Oakwood Shores Terraces Medical Office Building

TIF-Funded Expenditures - Exhibit G

Description	Total (in \$'s)	TIF Eligible
Site work	\$ 2,488,556	\$ 2,488,556
Environmental Audit & Tests	12,500	12,500
NMTC Legal Fees ¹	413,000	109,300
Appraisal & Market Study	5,750	5,750
Other Legal Fees ¹	200,000	53,000
TIF Loan Lender Fee	15,000	15,000
TIF Loan Interest	180,000	54,000
Construction Loan Interest	564,000	169,200
Hard Cost Contingency ¹	318,069	85,858
TIF Yr. 3 Interest Reserve ²	175,653	52,116
TOTAL OTHER PROJECT COSTS	\$ 4,372,528	\$ 3,058,116

Note(s):

1: TIF eligibility of these costs is derived by taking the ratio of TIF-eligible costs to total Project Budget (approximately 26.7%).

2: TIF eligibility is derived by applying the same percentage as applied to construction and TIF loan interest (30%).

EXHIBIT H

REQUISITION FORM FOR TIF-FUNDED INTEREST COSTS

Not attached for recording.

EXHIBIT I

SCHEDULE OF MAXIMUM AMOUNT OF TIF-FUNDED INTEREST COSTS

\$150,000

EXHIBIT J

APPROVED PRIOR EXPENDITURES

Not attached for recording.

EXHIBIT K

PERMITTED LIENS

See attached Sources and Uses.

Oakwood Shores Terraces Medical Office Building

Sources

(in \$'s)	Total Budget
Equity	
Developer Equity	\$ 298,360
NMTC Investor Equity	2,224,380
Total Equity	2,522,740
Debt Financing	
CHA DTC Loan	758,856
Sect. 42 Reimbursement Agreement	1,452,186
Construction Loan	6,200,000
Total Debt Financing	8,411,042
Total Sources of Capital	\$ 10,933,782

EXHIBIT L

OPINION OF DEVELOPER'S COUNSEL

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

City of Chicago
121 North LaSalle Street
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to _____, an [Illinois] _____ (the "Developer"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the _____ Redevelopment Project Area (the "Project"). In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

(a) _____ Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer and the City of Chicago (the "City");

[(b) the Escrow Agreement of even date herewith executed by the Developer and the City;]

(c) [insert other documents including but not limited to documents related to purchase and financing of the Property and all lender financing related to the Project]; and

(d) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, we have examined

(a) the original or certified, conformed or photostatic copies of the Developer's (i) Articles of Incorporation, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which the Developer is qualified to do business, (iii) By-Laws, as amended to date, and (iv) records of all corporate proceedings relating to the Project [revise if the Developer is not a corporation]; and

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

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

Based on the foregoing, it is our opinion that:

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

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

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

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

5. Exhibit A attached hereto (a) identifies each class of capital stock of the Developer, (b) sets forth the number of issued and authorized shares of each such class, and (c) identifies the record owners of shares of each class of capital stock of the Developer and the number of shares held of record by each such holder. To the best of our knowledge after diligent inquiry, except as set forth on Exhibit A, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or

other rights or restrictions with respect to any of the capital stock of the Developer. Each outstanding share of the capital stock of the Developer is duly authorized, validly issued, fully paid and nonassessable.

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

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

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

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

10. To the best of our knowledge after diligent inquiry, the Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

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

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

[Note: include a reference to the laws of the state of incorporation/organization of the Developer, if other than Illinois.]

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

Very truly yours,

By: _____

Name: _____

EXHIBIT M

REAL ESTATE PROVISIONS (EAV)

N/A

EXHIBIT N

PROHIBITED USES

The following uses shall be prohibited in the commercial component of the project, described in the project recitals.

- Fast food restaurants
- Pawn Shops
- Off track wagering facilities
- Resale Shops
- Adult entertainment uses
- Houses of worship
- Night club
- Flea market
- Auto-related uses, such as repair shop
- Mortuaries or funeral homes
- Currency Exchange
- Tattoo parlor

And any other uses prohibited by the Planned Development.

EXHIBIT O
PRIOR TIF OBLIGATIONS

None.

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2012

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT

C O N T E N T S

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BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

O'HARE PLAZA

8745 WEST HIGGINS ROAD, SUITE 200

CHICAGO, ILLINOIS 60631

AREA CODE 312 263.2700

INDEPENDENT AUDITORS REPORT

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

We have audited the accompanying financial statements of the Madden/Wells Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

The financial statements present only Madden/Wells Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Madden/Wells Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

Bansley and Kiener, L.L.P.

Certified Public Accountants

June 19, 2013

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Madden/Wells Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2012. Please read it in conjunction with the Project's financial statements, which follow this section.

Overview of the Financial Statements

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
(Continued)

Notes to the Financial Statements

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

Other Supplementary Information

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

Condensed Comparative Financial Statements

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

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$829,897 for the year. This was a decrease of 34 percent over the prior year. The change in net assets produced an increase in net assets of \$317,453. The Project's net assets increased by 12 percent from the prior year making available \$3,004,602 of funding to be provided for purposes of future redevelopment in the Project's designated area.

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT

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

Government-Wide

	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 3,023,366	\$ 2,700,341	\$ 323,025	12%
Total liabilities	<u>18,764</u>	<u>13,192</u>	<u>5,572</u>	42%
Total net assets	<u>\$ 3,004,602</u>	<u>\$ 2,687,149</u>	<u>\$ 317,453</u>	12%
Total revenues	\$ 834,396	\$ 1,261,060	\$ (426,664)	-34%
Total expenses	<u>516,943</u>	<u>732,203</u>	<u>(215,260)</u>	-29%
Changes in net assets	<u>317,453</u>	<u>528,857</u>	<u>(211,404)</u>	-40%
Ending net assets	<u>\$ 3,004,602</u>	<u>\$ 2,687,149</u>	<u>\$ 317,453</u>	12%

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2012

<u>ASSETS</u>	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 1,977,308	\$ -	\$ 1,977,308
Property taxes receivable	1,041,600	-	1,041,600
Accrued interest receivable	4,458	-	4,458
Total assets	<u>\$ 3,023,366</u>	<u>\$ -</u>	<u>\$ 3,023,366</u>
<u>LIABILITIES</u>			
Due to other City funds	\$ 18,764	\$ -	\$ 18,764
Deferred revenue	985,950	(985,950)	-
Total liabilities	<u>1,004,714</u>	<u>(985,950)</u>	<u>18,764</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Restricted for future redevelopment project costs	<u>2,018,652</u>	<u>(2,018,652)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 3,023,366</u>		
Net assets:			
Restricted for future redevelopment project costs		<u>3,004,602</u>	<u>3,004,602</u>
Total net assets		<u>\$ 3,004,602</u>	<u>\$ 3,004,602</u>

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

Total fund balance - governmental fund	\$ 2,018,652
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<u>985,950</u>
Total net assets - governmental activities	<u>\$ 3,004,602</u>

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

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 938,665	\$ (108,768)	\$ 829,897
Interest	4,499	-	4,499
	<hr/>	<hr/>	<hr/>
Total revenues	943,164	(108,768)	834,396
Expenditures/expenses:			
Economic development projects	516,943	-	516,943
	<hr/>	<hr/>	<hr/>
Excess of revenues over expenditures	426,221	(426,221)	-
Change in net assets	-	317,453	317,453
Fund balance/net assets:			
Beginning of year	1,592,431	1,094,718	2,687,149
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 2,018,652</u>	<u>\$ 985,950</u>	<u>\$ 3,004,602</u>

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

Net change in fund balance - governmental fund	\$ 426,221
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<u>(108,768)</u>
Change in net assets - governmental activities	<u>\$ 317,453</u>

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

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In November 2002, the City of Chicago (City) established the Madden/Wells Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the special revenue funds of the City.

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

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Effective January 2011, GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was adopted to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, by eliminating the reserve component in favor of a restricted classification and by clarifying existing governmental fund type definitions. The "restricted fund balance" classification is utilized where amounts are constrained by either externally imposed laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

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

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

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Concluded)

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

(d) *Assets, Liabilities and Net Assets*

Cash and Investments

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

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

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

Capital Assets

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

(e) *Stewardship, Compliance and Accountability*

Illinois Tax Increment Redevelopment Allocation Act Compliance

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

Reimbursements

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection.

CITY OF CHICAGO, ILLINOIS
MADDENWELLS REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 2 – Commitments

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

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
MADDEN/WELLS REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 21,207
Costs of construction of new housing units for low income and very low income households	<u>495,736</u>
	<u>\$516,943</u>



BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1922

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Madden/Wells Redevelopment Project of the City of Chicago, Illinois, which comprise the statement of net assets and governmental fund balance sheet as of December 31, 2012, and the related statement of activities and governmental fund revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated June 19, 2013.

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

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

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

Bansley and Kiener, L.L.P.

Certified Public Accountants

June 19, 2013