

FY 2022

ANNUAL TAX INCREMENT FINANCE REPORT



STATE OF ILLINOIS COMPTROLLER SUSANA A. MENDOZA

Name of Municipality: City of Chicago Reporting Fiscal Year: 2022
County: Cook Fiscal Year End: 12/31/2022
Unit Code: 016/620/30

FY 2022 TIF Administrator Contact Information-Required

First Name: Maurice D. Last Name: Cox
Address: City Hall, 121 N LaSalle Title: Administrator
Telephone: (312) 744-4190 City: Chicago Zip: 60602
E-mail TIFreports@cityofchicago.org

I attest to the best of my knowledge, that this FY 2022 report of the redevelopment project area(s) in the City/Village of: City of Chicago is complete and accurate pursuant to Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4-3 et. seq.] and or Industrial Jobs Recovery Law [65 ILCS 5/11-74.6-10 et. seq.].
Written signature of TIF Administrator Date 6/29/2023

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

Table with 3 columns: Name of Redevelopment Project Area, Date Designated MM/DD/YYYY, Date Terminated MM/DD/YYYY. Rows include 105th/Vincennes, 107th/Halsted, 111th/Kedzie, 116th/Avenue O, 119th/Halsted, 119th/I-57, 24th/Michigan, 26th/King Drive, 35th/Halsted, 35th/State, 35th/Wallace, 43rd/Cottage Grove, 47th/Ashland, 47th/Halsted, 47th/King Drive.

*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.]

47th/State	7/21/2004	12/31/2028
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
63rd/Ashland	3/29/2006	12/31/2030
63rd/Pulaski	5/17/2000	12/31/2024
67th/Cicero	10/2/2002	12/31/2026
67th/Wentworth	5/4/2011	12/31/2035
71st/Stony Island	10/7/1998	12/31/2034
73rd/University	9/13/2006	12/31/2030
79th Street Corridor	7/8/1998	12/31/2034
79th/Cicero	6/8/2005	12/31/2029
79th/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
95th/Western	7/13/1995	12/31/2031
Addison South	5/9/2007	12/31/2031
Archer Courts	5/12/1999	12/31/2022
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	12/31/2034
Bryn Mawr/Broadway	12/11/1996	12/31/2032
Canal/Congress	11/12/1998	12/31/2034
Central West	2/16/2000	12/31/2024
Chicago/Central Park	2/27/2002	12/31/2026
Chicago/Kingsbury	4/12/2000	12/31/2024
Cicero/Archer	5/17/2000	12/31/2024
Cicero/Stevenson	7/20/2022	12/31/2046
Clark/Montrose	7/7/1999	12/31/2023
Clark/Ridge	9/29/1999	12/31/2023
Commercial Avenue	11/13/2002	12/31/2026
Cortland/Chicago River	4/10/2019	12/31/2043
Devon/Sheridan	3/31/2004	12/31/2028
Devon/Western	11/3/1999	12/31/2023
Diversey/Chicago River	10/5/2016	12/31/2040
Diversey/Narragansett	2/5/2003	12/31/2027
Division/Homan	6/27/2001	12/31/2025
Edgewater/Ashland	10/1/2003	12/31/2027
Elston/Armstrong Industrial Corridor	7/19/2007	12/31/2031
Englewood Mall	11/29/1989	12/31/2025
Englewood Neighborhood	6/27/2001	12/31/2025
Ewing Avenue	3/10/2010	12/31/2034
Foster/California	4/2/2014	12/31/2038
Foster/Edens	2/28/2018	12/31/2042
Fullerton/Milwaukee	2/16/2000	12/31/2024
Galewood/Armitage Industrial	7/7/1999	12/31/2023

Goose Island	7/10/1996	12/31/2032
Greater Southwest Industrial (East)	3/10/1999	12/31/2023
Greater Southwest Industrial (West)	4/12/2000	12/31/2024
Harrison/Central	7/26/2006	12/31/2030
Hollywood/Sheridan	11/7/2007	12/31/2031
Homan/Arthington	2/5/1998	12/31/2034
Humboldt Park Commercial	6/27/2001	12/31/2025
Jefferson Park	9/9/1998	12/31/2022
Jefferson/Roosevelt	8/30/2000	12/31/2024
Kennedy/Kimball	3/12/2008	12/31/2032
Kinzie Industrial Corridor	6/10/1998	12/31/2034
Lake Calumet Area Industrial	12/13/2000	12/31/2024
Lakefront	3/27/2002	12/31/2026
LaSalle Central	11/15/2006	12/31/2030
Lawrence/Broadway	6/27/2001	12/31/2025
Lawrence/Kedzie	2/16/2000	12/31/2024
Lawrence/Pulaski	2/27/2002	12/31/2026
Lincoln Avenue	11/3/1999	12/31/2023
Little Village East	4/22/2009	12/31/2033
Little Village Industrial Corridor	6/13/2007	12/31/2031
Madden/Wells	11/6/2002	12/31/2026
Madison/Austin Corridor	9/29/1999	12/31/2023
Michigan/Cermak	9/13/1989	12/31/2025
Midway Industrial Corridor	2/16/2000	12/31/2024
Midwest	5/17/2000	12/31/2036
Montclare	8/30/2000	12/31/2022
Montrose/Clarendon	6/30/2010	12/31/2034
Near North	7/30/1997	12/31/2033
North Branch South	2/5/1998	12/31/2022
North Pullman	6/30/2009	12/31/2033
Northwest Industrial Corridor	12/2/1998	12/31/2034
Ogden/Pulaski	4/9/2008	12/31/2032
Ohio/Wabash	6/7/2000	12/31/2024
Peterson/Cicero	2/16/2000	12/31/2022
Peterson/Pulaski	2/16/2000	12/31/2024
Pilsen Industrial Corridor	6/10/1998	12/31/2034
Portage Park	9/9/1998	12/31/2022
Pratt/Ridge Industrial Park Conservation Area	6/23/2004	12/31/2028
Pulaski Industrial Corridor	6/9/1999	12/31/2035
Randolph/Wells	6/9/2010	12/31/2034
Red Line Extension	12/14/2022	12/31/2058
Red Purple Modernization Phase One (Transit TIF)	11/30/2016	12/31/2052
River West	1/10/2001	12/31/2025
Roosevelt/Cicero Industrial Corridor	2/5/1998	12/31/2034
Roosevelt/Clark	4/10/2019	12/31/2043
Roosevelt/Racine	11/4/1998	12/31/2034
Roosevelt/Union	5/12/1999	12/31/2022
Roseland/Michigan	1/16/2002	12/31/2026
Sanitary and Ship Canal	7/24/1991	12/31/2027
South Chicago	4/12/2000	12/31/2024
Stevenson Brighton	4/11/2007	12/31/2031
Stockyards Southeast Quadrant Industrial	2/26/1992	12/31/2028
Stony Island Commercial/Burnside Industrial	6/10/1998	12/31/2034

Touhy/Western	9/13/2006	12/31/2030
Washington Park	10/8/2014	12/31/2038
West Irving Park	1/12/2000	12/31/2024
West Woodlawn	5/12/2010	12/31/2034
Western Avenue North	1/12/2000	12/31/2024
Western Avenue South	1/12/2000	12/31/2024
Western/Ogden	2/5/1998	12/31/2034
Western/Rock Island	2/8/2006	12/31/2030
Wilson Yard	6/27/2001	12/31/2025
Woodlawn	1/20/1999	12/31/2023

SECTION 2 [Sections 2 through 8 must be completed for each redevelopment project area listed in Section 1.]

FY 2022

Name of Redevelopment Project Area:

35th/State

Primary Use of Redevelopment Project Area*: Residential

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

If 'Combination/Mixed' List Component Types:

Under which section of the Illinois Municipal Code was Redevelopment Project Area designated? (check one):

Tax Increment Allocation Redevelopment Act X

Industrial Jobs Recovery Law _____

Please utilize the information below to properly label the Attachments.

	No	Yes
For redevelopment projects beginning prior to FY2022, 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). For redevelopment projects beginning in or after FY2022, were there any amendments, enactments or extensions 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, enactment or extension, and a copy of the redevelopment plan (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
Statement setting forth all activities undertaken in furtherance of the objectives of the redevelopment plan including any project implemented and a description of the redevelopment activities. [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 <u>submitted to</u> the municipality <u>by</u> 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 any Official Statement (labeled Attachment I). If Attachment I is answered yes, then the Analysis must be attached (labeled Attachment J).	X	
An analysis prepared by a financial advisor or underwriter, chosen by the municipality , setting forth the the nature and term of obligation; projected debt service including required reserves and debt coverage; and actual debt service. [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If attachment I is yes, the Analysis and an accompanying letter from the municipality outlining the contractual relationship between the municipality and the financial advisor/underwriter <u>MUST</u> be attached (labeled Attachment J).	X	
Has a cumulative of \$100,000 of TIF revenue been deposited 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 taxes 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, the audit report shall contain a letter from the independent certified public accountant indicating compliance or noncompliance with the requirements of subsection (q) of Section 11-74.4-3 (labeled Attachment L).		X
A list of all intergovernmental agreements in effect 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 the list only, not actual agreements (labeled Attachment M).	X	
For redevelopment projects beginning in or after FY 2022, did the developer identify to the municipality a stated rate of return for each redevelopment project area? Stated rates of return required to be reported shall be independently verified by a third party chosen by the municipality. If yes, please enclose evidence of third party verification, may be in the form of a letter from the third party (labeled Attachment N).	X	

SECTION 3.1 [65 ILCS 5/11-74.4-5 (d)(5)(a)(b)(d)) and (65 ILCS 5/11-74.6-22 (d) (5)(a)(b)(d)]

FY 2022

Name of Redevelopment Project Area:
35th/State

Provide an analysis of the special tax allocation fund.

Special Tax Allocation Fund Balance at Beginning of Reporting Period \$ 3,628,289

SOURCE of Revenue/Cash Receipts:	Revenue/Cash Receipts for Current Reporting Year	Cumulative Totals of Revenue/Cash Receipts for life of TIF	% of Total
Property Tax Increment	\$ 2,250,305	\$ 26,732,433	88%
State Sales Tax Increment	\$ -	\$ -	0%
Local Sales Tax Increment	\$ -	\$ -	0%
State Utility Tax Increment	\$ -	\$ -	0%
Local Utility Tax Increment	\$ -	\$ -	0%
Interest	\$ (82,300)	\$ 239,631	1%
Land/Building Sale Proceeds	\$ -	\$ -	0%
Bond Proceeds	\$ -	\$ -	0%
Transfers from Municipal Sources	\$ -	\$ 3,500,000	11%
Private Sources	\$ -	\$ -	0%
Other (identify source _____; if multiple other sources, attach schedule)	\$ -	\$ 41,491	0%

All Amount Deposited in Special Tax Allocation Fund \$ 2,168,005

Cumulative Total Revenues/Cash Receipts \$ 30,513,555 100%

Total Expenditures/Cash Disbursements (Carried forward from Section 3.2) \$ 4,971,261

Transfers to Municipal Sources \$ -

Distribution of Surplus \$ -

Total Expenditures/Disbursements \$ 4,971,261

Net/Income/Cash Receipts Over/(Under) Cash Disbursements \$ (2,803,256)

Previous Year Adjustment (Explain Below) \$ -

FUND BALANCE, END OF REPORTING PERIOD* \$ 825,033

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

Previous Year Explanation:

**Schedule of "Other" Sources of Revenue/Cash Receipts Deposited in Fund During Reporting FY
(Total and Cumulative Values Carried Forward to Section 3.1)**

FY 2022

Name of Redevelopment Project Area:

35th/State

"Other" Sources	Reporting Year	Cumulative
Cumulative Revenue Prior to 2017		\$ 41,491
Note Proceeds		0
Non-compliance Payment		0
Excess Reserve Requirement		0
Build America Bonds Subsidy		0
Collection Returns		0
Credits from Expenditures		0

Total Schedule of "Other" Sources During Reporting Period \$ -

Cumulative Total Schedule of "Other" Sources \$ 41,491

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

FY 2022

Name of Redevelopment Project Area:

35th/State

ITEMIZED LIST OF ALL EXPENDITURES FROM THE SPECIAL TAX ALLOCATION FUND

PAGE 1

Category of Permissible Redevelopment Cost [65 ILCS 5/11-74.4-3 (q) and 65 ILCS 5/11-74.6-10 (o)]	Amounts	Reporting Fiscal Year
1. Cost of studies, surveys, development of plans, and specifications. Implementation and administration of the redevelopment plan, staff and professional service cost.		
	31,884	
		\$ 31,884
2. Annual administrative cost.		
		\$ -
3. Cost of marketing sites.		
		\$ -
4. Property assembly cost and site preparation costs.		
	99,192	
		\$ 99,192
5. Costs of renovation, rehabilitation, reconstruction, relocation, repair or remodeling of existing public or private building, leasehold improvements, and fixtures within a redevelopment project area.		
	1,428,407	
		\$ 1,428,407
6. Costs of the construction of public works or improvements.		
		\$ -

SECTION 3.2 A

13. Relocation costs.		
		\$ -
14. Payments in lieu of taxes.		
		\$ -
15. Costs of job training, retraining, advanced vocational or career education.		
		\$ -
16. Interest cost incurred by redeveloper or other nongovernmental persons in connection with a redevelopment project.		
Costs of interest incurred by a developer related to the construction, renovation or rehabilitation of a redevelopment project.		
Costs of construction of new housing units for low income or very low income households.	3,411,778	
		\$ 3,411,778
17. Cost of day care services.		
		\$ -
18. Other.		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 4,971,261

Section 3.2 B [Information in the following section is not required by law, but would be helpful in creating fiscal transparency.]

FY 2022

Name of Redevelopment Project Area:
35th/State

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	\$ 22,232.00
Park Boulevard 3B LLC	Development	\$ 3,000,000.00
Park Boulevard LLC	Development	\$ 411,778.11
Carnow Conibear & Assoc., Ltd.	Property Assemblage	\$ 16,191.75
Chicago Title & Trust Co	Property Assemblage	\$ 28,000.00
Cook County Treasurer	Property Assemblage	\$ 55,000.00
Townsend Chicago, LLC	Rehabilitation Program	\$ 1,428,407.02

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

SECTION 3.3 [65 ILCS 5/11-74.4-5 (d) (5d) 65 ILCS 5/11-74.6-22 (d) (5d)]

FY 2022

Name of Redevelopment Project Area:
35th/State

Breakdown of the Balance in the Special Tax Allocation Fund At the End of the Reporting Period by source

FUND BALANCE BY SOURCE \$ 825,033

1. Description of Debt Obligations	Amount of Original Issuance	Amount Designated
Total Amount Designated for Obligations	\$	\$ -

2. Description of Project Costs to be Paid	Amount of Original Issuance	Amount Designated
Restricted for future redevelopment project costs		\$ 825,033
Total Amount Designated for Project Costs		\$ 825,033
TOTAL AMOUNT DESIGNATED		\$ 825,033
SURPLUS/(DEFICIT)		\$ -

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

FY 2022

Name of Redevelopment Project Area:

35th/State

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

	Indicate an 'X' if no property was acquired by the Municipality within the redevelopment project area.
Property (1):	
Street address:	3804 S DEARBORN ST
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (2):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (3):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (4):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (5):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (6):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

Property (7):	
Street address:	
Approximate size or description of property:	
Purchase price:	
Seller of property:	

SECTION 5 [20 ILCS 620/4.7 (7)(F)]

FY 2022

Name of Redevelopment Project Area:

35th/State

PAGE 1

Page 1 must be included with TIF report. Pages 2 and 3 are to be included ONLY if projects are listed.

Select **ONE** of the following by indicating an 'X':

1. NO projects were undertaken by the Municipality Within the Redevelopment Project Area.	
2. The Municipality DID undertake projects within the Redevelopment Project Area. (If selecting this option, complete 2a.)	X
2a. The total number of ALL activities undertaken in furtherance of the objectives of the redevelopment plan:	4

LIST **ALL** projects undertaken by the Municipality Within the Redevelopment Project Area:

TOTAL:	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
Private Investment Undertaken (See Instructions)	\$ 36,031,100	\$ -	\$ 140,412,845
Public Investment Undertaken	\$ 23,577,925	\$ 6,424,751	\$ 27,790,000
Ratio of Private/Public Investment	1 28/53	-	5 1/19

Project 1: Park Boulevard Phase 3B Multifamily (Project is Ongoing***)

Private Investment Undertaken (See Instructions)	0	-	\$ 40,043,665
Public Investment Undertaken	0	\$ 4,800,000	\$ 6,000,000
Ratio of Private/Public Investment	0	-	6 31/46

Project 2: Park Boulevard LLC (Project is Ongoing***)

Private Investment Undertaken (See Instructions)	0	-	\$ 62,222,816
Public Investment Undertaken	\$ 5,107,869	\$ 469,208	\$ 8,390,000
Ratio of Private/Public Investment	0	-	7 5/12

Project 3: IIT (Project is Ongoing***)

Private Investment Undertaken (See Instructions)	0	-	\$ 38,146,364
Public Investment Undertaken	\$ 13,470,056	\$ 1,155,543	\$ 13,400,000
Ratio of Private/Public Investment	0	-	2 11/13

Project 4: Stateway Gardens - Phase 2 - Park Blvd - II-B (Project Completed)

Private Investment Undertaken (See Instructions)	\$ 36,031,100	-	\$ -
Public Investment Undertaken	\$ 5,000,000	-	\$ -
Ratio of Private/Public Investment	7 20/97	-	-

Project 5:

Private Investment Undertaken (See Instructions)		-	\$ -
Public Investment Undertaken		-	\$ -
Ratio of Private/Public Investment	0	-	-

Project 6:

Private Investment Undertaken (See Instructions)		-	\$ -
Public Investment Undertaken		-	\$ -
Ratio of Private/Public Investment	0	-	-

Section 5 Notes

FY 2022

Name of Redevelopment Project Area

35th/State

General Notes

(a) Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenue, and may include interest amounts paid to finance the Public Investment amount. 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 revenue 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.

Project/Program-Specific Notes

*** 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.

SECTION 6 [Information requested in SECTION 6.1 is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.

SECTIONS 6.2, 6.3, and 6.4 are required by law, if applicable. (65 ILCS 5/11-74.4-5(d))

FY 2022

Name of Redevelopment Project Area:

35th/State

SECTION 6.1-For redevelopment projects beginning before FY 2022, complete the following information about job creation and retention.

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

SECTION 6.2-For redevelopment projects beginning in or after FY 2022, complete the following information about projected job creation and actual job creation.

The number of jobs, if any, projected to be created at the time of approval of the redevelopment agreement	The number of jobs, if any, created as a result of the development to date, for the reporting period, under the same guidelines and assumptions as was used for the projections used at the time of approval of the redevelopment agreement

* see footnote on following page

** see footnote on following page

SECTION 6.3-For redevelopment projects beginning in or after FY 2022, complete the following information about increment projected to be created and actual increment created.

The number increment projected to be created at the time of approval of the redevelopment agreement	The amount of increment created as a result of the development to date, for the reporting period, using the same assumptions as was used for the projections used at the time of approval of the redevelopment agreement
Park Boulevard 3B LLC \$1,164,276	Park Boulevard 3B LLC \$0

^ see footnote on following page

^ see footnote on following page

SECTION 6.4-For redevelopment projects beginning in or after FY 2022, provide the stated rate of return identified by the developer to the municipality and verified by an independent third party, if any:

N/A

Section 6 Notes

FY 2022

Name of Redevelopment Project Area:

35th/State

General Notes

Section 6.2:

* All RDAs shown were entered into during or after FY 2022. The number of jobs is limited to permanent, full-time or full-time-equivalent, jobs that are either required or indicated as aspirational in the RDA and are anticipated to be created or retained at some time during the term of the RDA. Jobs that are part-time, construction, temporary or seasonal are not shown. RDAs are removed once the job covenant ends or the RDA is terminated. RDAs with no jobs covenant are not shown. TIFWorks and similar job training programs are not shown.

** The number of jobs shown is limited to those created or retained, cumulatively, from the year the RDA was entered into through the end of the reporting year.

Section 6.3:

^ All RDAs shown were entered into during or after FY 2022. The amount of increment increase projected is the cumulative amount that is projected to be created for all PINs in the RDA over the term of the RDA. RDAs are removed once the RDA is terminated. RDAs involving tax-exempt properties and those with no increment increase projected by the City over the term of the respective RDA, are not shown.

^^ The amount shown is the increase in cumulative PIN increment collected from the year the RDA was entered into through the end of the reporting year, to the extent the information is available from tax records.

SECTION 7 [Information in the following sections is not required by law, but may be helpful in evaluating the performance of TIF in Illinois.]

FY 2022

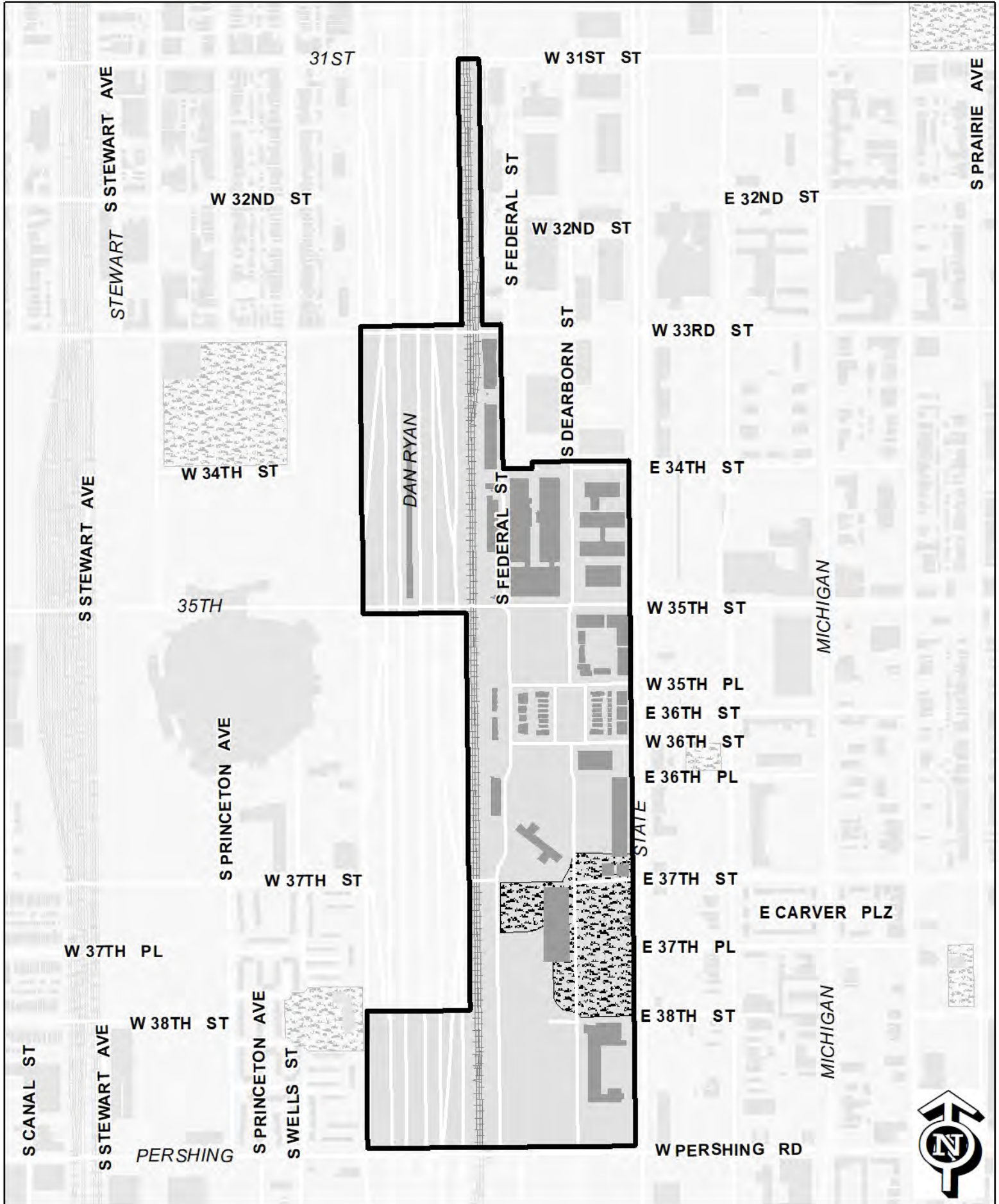
Name of Redevelopment Project Area:

35th/State

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

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

35th/State TIF Annual Report



Attachment B

STATE OF ILLINOIS)
)
COUNTY OF COOK)

CERTIFICATION

TO:

Susana Mendoza
Comptroller of the State of Illinois
555 W. Monroe Street, 1400S-A
Chicago, Illinois 60661
Attention: Rosanna Barbaro-Flores,
Director of Local Government

Pedro Martinez
Chief Executive Officer
Chicago Board of Education
42 West Madison Street
Chicago, Illinois 60602

Daryl Okrzesik, Treasurer
City Colleges of Chicago
3901 South State Street
Chicago, Illinois 60609

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

Xochitl Flores, Bureau Chief
Cook County Bureau of Economic Dev.
69 West Washington Street, Suite 2900
Chicago, Illinois 60602

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

Damon Howell, Chief Financial Officer
Forest Preserve District of Cook County
69 W. Washington Street, Suite 2060
Chicago, IL 60602

Rosa Escareno, General Superintendent & CEO
Chicago Park District
541 North Fairbanks, 7th Floor
Chicago, Illinois 60611

I, Brandon Johnson, in connection with the annual report (the “Report”) of information required by Section 11-74.4-5(d) of the Tax Increment Allocation Redevelopment Act, 65 ILCS5/11-74.4-1 et seq. (the “Act”), with regard to the 35th/State Redevelopment Project Area (the “Redevelopment Project Area”), do hereby certify as follows:

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.


Attachment B

2. During the preceding fiscal year of the City, being January 1 through December 31, 2022, 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 Acting 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 June 29, 2023.



Brandon Johnson, Mayor
City of Chicago, Illinois



DEPARTMENT OF LAW

CITY OF CHICAGO

June 29, 2023

Susana Mendoza
Comptroller of the State of Illinois
555 W. Monroe Street, 1400S-A
Chicago, Illinois 60661
Attention: Rosanna Barbaro-Flores,
Director of Local Government

Daryl Okrzesik, Treasurer
City Colleges of Chicago
3901 South State Street
Chicago, Illinois 60609

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Rosa Escareno, General Superintendent & CEO
Chicago Park District
541 North Fairbanks, 7th Floor
Chicago, Illinois 60611

Re: 35th/State Redevelopment Project Area
(the "Redevelopment Project Area")

Dear Addressees:

I am the Acting 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.

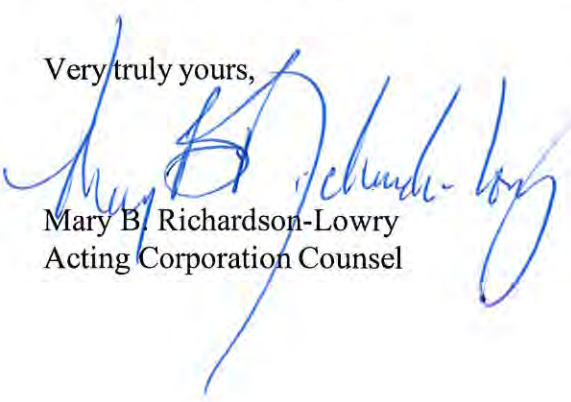
Attorneys, past and present, in the Law Department of the City and familiar with the requirements of the Act, have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following matters: approval of the redevelopment plan and project for the Redevelopment Project Area, designation of the Redevelopment Project Area as a redevelopment project area, and adoption of tax increment allocation financing for the Redevelopment Project Area, all in accordance with the then applicable provisions of the Act. Various departments of the City, including, if applicable, the Law Department, Department of Planning and Development, Department of Finance and Office of Budget and Management (collectively, the "City Departments"), have personnel responsible for and familiar with the activities in the Redevelopment Project Area affecting such City Departments 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 Acting Corporation Counsel, I have relied on the factual certification of the Commissioner of the Department of Planning and Development attached hereto as Schedule 1, along with 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.

Based on the foregoing, it is my 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,



Mary B. Richardson-Lowry
Acting Corporation Counsel

SCHEDULE 1

June 29, 2023

CERTIFICATION

Commissioner
Department of Planning and Development
City of Chicago

I, Maurice D. Cox, am the Commissioner of the Department of Planning and Development ("DPD") of the City of Chicago, Illinois (the "City") and, in such capacity, I am the head of DPD. I am also the TIF Administrator for the City for purposes of the Report (defined below). In such capacity, I am providing this Certification for the Corporation Counsel of the City to rely upon in connection with the opinion required by either 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"), or by Section 11-74.6-22(d)(4) of the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-1 et seq. (the "Law"), as the case may be, in connection with the submission of an annual report for calendar year 2022 (the "Report") containing the information required by Section 11-74.4-5(d) of the Act or Section 11-74.6-22(d) of the Law for each of the Redevelopment Project Areas listed in Section 1 of the Report and hereby incorporated into this Certification (the "Redevelopment Project Areas").

I hereby certify the following to the Corporation Counsel of the City:

1. DPD has overall responsibility for and is familiar with the activities in each of the Redevelopment Project Areas. DPD personnel are familiar with the requirements of the Act and the Law and are encouraged to seek and obtain, and do seek and obtain, the legal guidance of the City's Department of Law with respect to legal issues that may arise from time to time regarding the requirements of, and compliance with, the Act and the Law.
2. DPD personnel have monitored compliance with the requirements of the Act and the Law during the previous fiscal year under my supervision and to my reasonable satisfaction in connection with each of the Redevelopment Project Areas.

Based on the foregoing, I hereby certify to the Corporation Counsel of the City that, in all material respects, DPD has taken the appropriate actions to ensure that the City is in compliance with the provisions and requirements of the Act and the Law in effect and then applicable at the time actions were taken from time to time with respect to each of the Redevelopment Project Areas.

This Certification is given in an official capacity and not personally, and no personal liability shall derive herefrom. Further, this Certification may be relied upon only by the Corporation Counsel of the City in providing the required legal opinion in connection with the Report, and not by any other party.

Very truly yours,


Maurice D. Cox, Commissioner
Department of Planning and Development

FY 2022

Name of Redevelopment Project Area:

35th/State

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

Name of Project
Park Boulevard Phase 3B Multifamily

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



Doc# 2208812055 Fee \$88.00

RHSP FEE:\$9.00 RPRF FEE: \$1.00

KAREN A. YARBROUGH

COOK COUNTY CLERK

DATE: 03/29/2022 11:12 AM PG: 1 OF 55

This agreement was prepared by and after recording return to:

Adam Walker, Senior Assistant Corporation Counsel
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

PARK BOULEVARD 3B LLC REDEVELOPMENT AGREEMENT

This Park Boulevard 3B LLC Redevelopment Agreement (the “**Agreement**”) is made as of this 1st day of March, 2022, by and among the City of Chicago, an Illinois municipal corporation (the “**City**”), through its Department of Planning and Development (“**DPD**”), and Park Boulevard 3B LLC, an Illinois limited liability company (“**Owner**”) and 36th and State LLC, an Illinois limited liability company (“**Sponsor**”), wholly-owned by The Interfaith Housing Development Corporation of Chicago, an Illinois not-for-profit corporation (“**Interfaith**”).

RECITALS:

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

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (2002 State Bar Edition), as amended from time-to-time (the “**Act**”), to finance projects that eradicate blighted conditions through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment under the provisions of the Act, the City Council of the City (the “**City Council**”) adopted the following ordinances on January 14, 2004: (1) “An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the 35th/State Redevelopment Project Area”; (2) “An Ordinance of the City of Chicago, Illinois Designating the 35th/State Redevelopment Project Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act”; and (3) “An Ordinance of the City of

Chicago, Illinois Adopting Tax Increment Allocation Financing for the 35th/State Redevelopment Project Area" (the "**TIF Adoption Ordinance**"). Collectively the three ordinances are defined as the "**TIF Ordinances**". The Redevelopment Area (as defined below) is legally described on **Exhibit A**.

D. The Project: This Agreement relates to the financing of a sub-phase of a larger residential housing development, which sub-phase will provide approximately eighty (80) residential housing units in twin five-story buildings to be located on certain property ground leased by the Owner and located within the Redevelopment Area on two parcels at (i) 41 West 36th Street (the "North Parcel"); and (ii) at 42 West 37th Street (the "South Parcel"), in Chicago, Illinois (collectively the North Parcel and the South Parcel shall be referred to as the "**Property**") and legally described on **Exhibit B** hereto, and, within the time frames set forth in **Section 3.01** hereof, Owner shall commence and complete the construction of sixty-eight (68) affordable units, twelve (12) market-rate units, parking spaces, and related common areas (the "**Facility**"). The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on **Exhibit C** hereto) are collectively referred to herein as the "**Project**." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement, and the City of Chicago 35th/State Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project dated May 29, 2003, as revised on October 7, 2003 (the "**Redevelopment Plan**"), and as amended from time-to-time and attached hereto as **Exhibit D**.

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

In addition, as described in **Section 8.05** hereof, the City may, in its discretion, issue tax increment allocation bonds ("**TIF Bonds**") secured by Incremental Taxes (as defined herein) pursuant to a TIF bond ordinance (the "**TIF Bond Ordinance**"), the proceeds of which (the "**TIF Bond Proceeds**") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Available Incremental Taxes, or in order to reimburse the City for the costs of TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Owner Parties or the Project; provided, further, that the proceeds of TIF Bonds issued on a tax-exempt basis cannot be used as a source of City Funds or to repay the City Funds.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT:

SECTION 1: RECITALS

The recitals stated above are an integral part of this Agreement and are hereby incorporated into this Agreement by reference and made a part of this Agreement.

SECTION TWO: DEFINITIONS

For purposes of this Agreement the following terms shall have the meanings stated below:

"35th/State Redevelopment Area" has the meaning defined in the recitals.

"35th/State Redevelopment Project Area Special Tax Allocation Fund" means the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes (as defined below) will be deposited.

"Act" has the meaning defined in the recitals.

"Actual Residents of the City" has the meaning defined for such phrase in Section 10.02(c).

"Affiliate" means any individual, corporation, partner, partnership, trust or entity which owns or controls a controlling interest, or is owned or controlled by, or is under common ownership or control with, in whole or in part, an Owner Party or any successor to an Owner Party or its respective subsidiary(ies) or parent(s).

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

"AMI" shall mean Chicago-area median income, adjusted for family size (as defined in 24 C.F.R. Part 5.403), as determined from time to time by HUD.

"Annual Compliance Report" shall mean a signed report from the Owner to the City (a) itemizing each of the Owner Parties' obligations under this Agreement during the preceding calendar year, (b) certifying the Owner Parties' 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 Owner Parties are not in default with respect to any provision of the 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 8.12); (2) delivery of updated insurance certificates, if applicable (Section 8.13); (3) delivery of evidence of payment of Non-Governmental Charges, if applicable (Section 8.14); (4) compliance with the Affordability Requirements (Section 8.19); and (5) compliance with all other executory provisions of the Agreement.

"Available Incremental Taxes" shall mean an amount equal to the Incremental Taxes deposited in the TIF Fund attributable to the taxes levied on the Redevelopment Area as of the date any payment is made under this Agreement to any of the Owner Parties and not pledged to the Prior Obligations.

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

"Certificate" means the Certificate of Completion of Construction described in Section 7.01.

"CHA" shall mean Chicago Housing Authority, an Illinois municipal corporation.

"CHA Loan" shall mean the loan from the CHA to the Owner in the original principal amount referenced on the Project Budget (as defined below).

"Change Order" means any amendment or modification to the Scope Drawings, the

Plans and Specifications, or the Project Budget (all as defined below) within the scope of Section 3.04.

“City” has the meaning defined in the Agreement preamble.

“City Contract” has the meaning defined in Section 8.01(m).

“City Council” means the City Council of the City of Chicago as defined in the recitals.

“City Funds” means the funds described in Section 4.03(b).

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

“Construction Contract” means that certain contract entered into between Owner and the General Contractor (as defined below) providing for construction of the TIF-Funded Improvements, with a joinder by Sponsor.

“Construction Program” has the meaning defined in Section 10.03.

“Corporation Counsel” means the City's Office of Corporation Counsel.

“DPD” has the meaning defined in the Agreement preamble.

“Employer(s)” has the meaning defined in Section 10.01.

“Environmental Laws” means any and all Federal, State or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called “Superfund” or “Superlien” law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago (as defined below).

“Equity” means funds of Owner Parties (other than funds derived from Lender Financing (as defined below)) available for the Project which amount may be increased under Section 4.07 (Cost Overruns).

“Escrow” shall mean the construction escrow established pursuant to the Escrow Agreement.

“Escrow Agreement” shall mean the Escrow Agreement establishing a construction escrow, entered into by the Title Company (or an affiliate of the Title Company), one or more of the Owner Parties, and Owner's lenders.

“Event of Default” has the meaning defined in Section 15.01.

“Existing Materials” shall mean the Hazardous Materials and other environmental conditions described in any SRP reports existing on the Property prior to or as of the Closing

Date.

“Existing Mortgages” has the meaning defined in Section 16.01.

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

“General Contractor” means the general contractor(s) hired by Owner under Section 6.01.

“Governmental Charge” has the meaning defined in Section 8.18(a).

“Ground Lease” shall mean the ground lease between the CHA and Sponsor (or other entity acceptable to DPD’s Commissioner), as assigned, assumed and amended by and among CHA, Sponsor and Owner.

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

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

“Incremental Taxes” means such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to, and when collected are paid to, the Treasurer of the City for deposit by the Treasurer into a special tax allocation fund established to pay Redevelopment Project Costs (as defined below) and obligations incurred in the payment thereof, such fund for the purposes of this Agreement being the 35th/State Redevelopment Project Area Special Tax Allocation Fund.

“Lender” means any lender providing Lender Financing, including but not limited to Citibank, N.A., a national banking association.

“Lender Financing” means funds borrowed by Owner from lenders and available to pay for costs of the Project, in the amount stated in the Project Budget.

“MBE(s)” has the meaning defined in Section 10.03.

“MBE/WBE Program” has the meaning defined in Section 10.03.

“Municipal Code” means the Municipal Code of the City of Chicago as presently in effect and as hereafter amended from time to time.

“NFRL” shall mean a No Further Remediation Letter issued pursuant to the SRP.

“Non-Governmental Charges” means all non-governmental charges, liens, claims, or encumbrances relating to Owner Parties, the Property or the Project.

“Owner” has the meaning defined in the Agreement preamble.

“Owner Parties” means, collectively, Owner and Sponsor.

“**Permitted Liens**” means those liens and encumbrances against the buildings in the Project and/or the Project stated in **Exhibit E**.

“**Plans and Specifications**” means final construction documents containing a site plan and working drawings and specifications for the Project.

“**Prior Expenditure(s)**” has the meaning defined in **Section 4.06**.

“**Prior Obligations**” means those amounts of Incremental Taxes deposited in the TIF Fund attributable to the taxes levied on the Redevelopment Area that have been pledged by the City to pay the following:

OBLIGATION	AMOUNT
RDA - Park Blvd Phase 1	\$ 4,219,703
RDA - Townsend Chicago LLC	\$ 5,500,000
RDA - Armour Building Redevelopment	\$ 8,077,141

“**Project**” has the meaning defined in the recitals.

“**Project Budget**” shall mean the budget attached hereto as **Exhibit F**, showing the total cost of the Project by line item, furnished by the Owner to DPD, in accordance with **Section 3.03** hereof.

“**Property**” has the meaning defined in the recitals.

“**Recorded Affordability Documents**” means, collectively: that certain Low Income Housing Tax Credit Regulatory Agreement by and between the City and Owner dated the date hereof; that certain Donations Tax Credit Regulatory Agreement by and between the City, Owner and Interfaith dated the date hereof; that certain RAD Use Agreement by and between the CHA and Owner for the benefit of HUD dated as of the date hereof; and that certain CHA Asset Management Fee Agreement between CHA and the Owner dated as of the date hereof.

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

“**Redevelopment Plan**” has the meaning defined in the recitals.

“**Redevelopment Project Costs**” means redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget stated in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

“**Requisition Form**” shall mean the document, in the form attached hereto as **Exhibit J**, to be delivered by the Owner to DPD pursuant to Section 4.04 of this Agreement.

“**Scope Drawings**” means preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

“**Site Plan**” has the meaning defined in the recitals.

“**SRP**” means the State of Illinois Site Remediation Program, as codified at 415 ILCS 5/58, et seq., as amended from time to time.

“State” means the State of Illinois as defined in the recitals.

“Survey” means an urban plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 45 days prior to the Closing Date, reasonably acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and any updates thereof to reflect improvements to the Property as required by the City or the lender(s) providing Lender Financing, if any).

“Term of the Agreement” shall mean the period commencing on the Closing Date and ending on the date that is the thirty (30) year anniversary of the issuance of the Certificate.

“TIF Adoption Ordinance” has the meaning stated in the recitals.

“TIF Bonds” has the meaning defined for such term in the recitals.

“TIF Bond Ordinance” has the meaning stated in the recitals.

“TIF Bond Proceeds” has the meaning stated in the recitals.

“TIF Ordinances” has the meaning stated in the recitals.

“TIF-Funded Improvements” means those improvements of the Project which: (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement, and (iv) are stated in **Exhibit C**.

“Title Company” means Stewart Title Guaranty Company.

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

“WARN Act” means the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

“WBE(s)” has the meaning defined in Section 10.03.

3.01 The Project. With respect to the Facility, the Owner will: (i) begin construction no later than six (6) months after the Closing Date, and (ii) complete construction no later than thirty-six (36) months of the commencement of construction.

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

3.03 Project Budget. The Owner has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in the approximate amount of not less than \$43,043,665. The Owner hereby certifies to the City that together with the City Funds (a) it has Lender Financing and Equity in an amount sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. The Owner shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to **Section 3.04** hereof.

3.04 Change Orders. All Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to changes to the Project must be submitted by the Owner to DPD. The Owner 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 Owner of DPD's written approval, which shall not be unreasonably withheld, conditioned or delayed. 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 Owner.

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

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

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

3.08 Inspecting Agent or Architect. An inspecting agent or architect which may be the lender's (providing Lender Financing) architect or agent shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project hereunder.

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

3.10 Signs and Public Relations. The Owner 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 Owner Parties, the Property and the Project in the City's promotional literature and communications.

3.11 Utility Connections. The Owner 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 Owner 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 Owner 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.

3.13 Environmental Features. The Project will meet 100 points on the City's Sustainable Design Checklist and will conform to the energy efficiency requirements of the Planned Unit Development approved by the City for the Project and as listed on **Exhibit G** hereto.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$43,043,665, to be applied in the manner stated in the Project Budget and funded from sources identified on **Exhibit F**.

4.02 Owner Funds. Equity, the City Funds and Lender Financing will be used to pay all Project costs, including but not limited to costs of TIF-Funded Improvements.

4.03 City Funds.

(a) Uses of City Funds.

City Funds may only be used to pay directly or reimburse Sponsor and/or the Owner for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. **Exhibit C** sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to **Sections 4.03(b)**), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. Sponsor shall be required to loan or contribute any City Funds paid to Sponsor to the Owner to reimburse the Owner for the costs of TIF-Funded Improvements or directly pay for the costs of the TIF-Funded Improvements. The City hereby represents that, except for the Prior Obligations, the City has not made a senior or superior pledge of Incremental Taxes to any entity, party or person.

(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 (the "City Funds") from the sources and in the amounts described directly below to pay for or reimburse any of the Owner Parties for the costs of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Available Incremental Taxes and/or	

TIF Bond proceeds

\$6,000,000

provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed \$6,000,000; and provided further, that the \$6,000,000 to be derived from Available Incremental Taxes and/or TIF Bond proceeds, if any, shall be available to pay costs related to TIF-Funded Improvements and allocated by the City for that purpose only so long as the amount of the Available Incremental Taxes deposited into the TIF Fund shall be sufficient to pay for such costs. The City Funds shall be disbursed in four (4) installments as follows:

i) The first installment of City Funds in the amount of \$3,000,000 shall be paid upon fifty percent (50%) of construction completion;

ii) The second installment of City Funds in the amount of \$1,800,000 shall be paid upon eighty percent (80%) of construction completion; and

iii) The third installment of City Funds in the amount of \$600,000 shall be paid upon one hundred percent (100%) of construction completion

iv) The fourth installment of City Funds in the amount of \$600,000 shall be paid upon the issuance of the Certificate.

The Owner Parties acknowledge and agree that the City's obligation to pay for TIF-Funded Improvements up to a maximum of \$6,000,000 is contingent upon the fulfillment of the foregoing conditions. If such conditions are not fulfilled, the amount of Equity to be contributed by the Owner Parties pursuant to **Section 4.01** hereof shall increase proportionately.

4.04 Construction Escrow; Requisition Form. DPD must approve disbursements of the City Funds from the Escrow. The Owner shall submit a Requisition Form prior to each disbursement of City Funds. The Owner shall meet with DPD at the request of DPD to discuss the Requisition Form(s) previously delivered.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Prior Expenditures. Only those expenditures made by any of the Owner Parties with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "**Prior Expenditures**"). **Exhibit H** hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to any of the Owner Parties by the City with City Funds but may be eligible for reimbursement through the Lender Financing or Equity identified in **Section 4.01** hereof.

(b) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$50,000 or \$100,000 in the aggregate, may be made without the prior written consent of DPD.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to **Section 4.03** hereof, or if the cost of completing the Project exceeds the Project Budget, the Owner shall be solely responsible for such excess cost and shall

hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions of Disbursement. Prior to each disbursement of City Funds hereunder, one or more of the Owner Parties shall submit documentation regarding the applicable expenditures to DPD which shall be satisfactory to DPD in its sole discretion. Delivery by one or more of the Owner Parties to DPD of any request for disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) the total amount of the Requisition Form represents the actual cost of the actual amount payable to (or paid to) the contractors who have performed work on the Project, and/or their payees, and/or (ii) the architect for the inspections performed in monitoring the construction of the Project;

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

(c) the Owner has approved all work and materials for the current Requisition Form, 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 Owner Parties are in compliance with all covenants contained herein;

(e) none of the Owner Parties have received notice and have no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens, or liens bonded over by the Owner or insured by the Title Company;

(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 (as defined hereinafter) equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "**Available Project Funds**" as used herein shall mean: (i) the undisbursed City Funds; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) any other amounts deposited by any of the Owner Parties pursuant to this Agreement. The Owner hereby agrees that, if the Project is not In Balance, the Owner 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 Owner Parties to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Owner Parties. In addition, the Owner Parties shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the TIF Bond Ordinance, if any, the TIF Bonds, if any, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

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 any mortgage securing any Lender Financing or a deed in lieu of such foreclosure has been executed and delivered and provided that no lender providing Lender Financing has cured the Event of Default within the curative time period provided under **Section 15.03**.

4.08 Sale or Transfer of the Property or Project by Owner.

(a) Prior to the Date of Issuance of the Certificate. Owner must obtain the prior approval of the City for any sale or transfer of any part of the Property or the Project prior to the issuance of the Certificate. Such approval by the City will be subject to the reasonable discretion requirement stated in **Section 18.14**.

(b) After the Date of Issuance of the Certificate. After the date of the Certificate, Owner need not obtain prior approval for any sale or transfer of any part of the Property or the Project. Owner must, however, notify the City not less than 60 days before any closing of such sale of Owner's intention to sell any part of the Property or the Project. Owner must provide the City with true and correct copies of any contract for sale and related documents as part of such notice.

4.09 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Owner Parties' compliance with the provisions of this Agreement. The City Funds disbursed are subject to being reimbursed upon the Owner Parties' noncompliance with the provisions of this Agreement.

4.10 Permitted Transfers. Notwithstanding anything herein to the contrary, City will permit (i) the investor member to remove the Manager as the manager of the Owner, in accordance with the Owner's operating agreement (the "Operating Agreement"), provided the substitute general partner is acceptable to City in its reasonable discretion and the City provides its written consent (except no consent of the City shall be required under this Agreement if the substitute general partner is an affiliate of the investor member); (ii) the Manager to pledge a Lender that is providing Lender Financing all of the Manager's rights, title and interest in and to the Owner Parties and under the Operating Agreement as collateral for the Owner Parties' obligations under the loans made or to be made by the Lender to Owner Parties; (iii) a transfer by the investor member of its member interest after the Closing Date to an unaffiliated entity with the prior written consent of the City; provided, however, that the prior written consent of DPD shall not be required for a transfer by the investor member of its member interest after the Closing Date to an affiliated entity or an affiliate of investor member, but prior written notice to DPD is required; (iv) a transfer pursuant to a foreclosure, deed in lieu of foreclosure or similar action, of the senior mortgage; (v) a transfer pursuant to the CHA Right of First Refusal Agreement; and (vi) the transfer of the Project to the Manager pursuant to Section 14.01(b) of the Operating Agreement, but prior written notice to DOH is required.

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 Owner has submitted to DPD, and DPD has approved, a Project Budget in accordance with the provisions of **Section 3.03** hereof.

5.02 Scope Drawings and Plans and Specifications. The Owner has submitted to DPD, and DPD has approved, the Scope Drawings and Plans and Specifications in accordance with the provisions of **Section 3.02** hereof.

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

5.04 Financing. The Owner has furnished proof reasonably acceptable to the City that the Owner 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 Owner has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Owner as needed and are sufficient (along with the Equity and other sources set forth in **Exhibit H**) to complete the Project. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a subordination agreement, in a form acceptable to the City and such Lender, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Owner, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition and Title. On the Closing Date, the Owner has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Owner as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on **Exhibit G** hereto and evidences the recording of this Agreement pursuant to the provisions of **Section 8.18** hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including, but not limited to: an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Owner has provided to DPD on or prior to the Closing Date certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Owner, at its own expense, has provided the City with searches 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 Owner Parties, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

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

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

5.09 Opinion of the Owner Parties' Counsel. On the Closing Date, the Owner Parties have furnished the City with an opinion of counsel, substantially in the form attached hereto as **Exhibit I**, with such changes as required by or acceptable to Corporation Counsel. If any of the Owner Parties have 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 I** hereto, such opinions were obtained by the Owner Parties from their general corporate counsel.

5.10 Evidence of Prior Expenditures. One or more of the Owner Parties have provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of **Section 4.05(a)** hereof.

5.11 Financial Statements. The Owner Parties shall provide Financial Statements to DPD for their most recent fiscal year and audited or unaudited interim financial statements.

5.12 Documentation. The Owner Parties have provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters including the reports described in **Section 8.06**.

5.13 Environmental. Owner will have provided DPD with copies of all Phase I environmental audits completed with respect to the Property, if any, and a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits. If environmental issues exist on the Property, the City will require a Final NFR Letter from the Illinois Environmental Protection Agency ("IEPA") that all identified environmental issues have been or will be resolved to its satisfaction. Owner acknowledges that the City will not issue a Certificate of Occupancy for any buildings constructed on the Property until the IEPA has issued, the City has approved, and the Owner has recorded with the Office of the Recorder of Deeds of Cook County, a Final NFR Letter for the Property, which approval shall not be unreasonably withheld.

5.14 Corporate Documents; Economic Disclosure Statement. Owner has provided a copy of its certificate of organization containing the original certification of the Secretary of State of Illinois; Owner's certificate of existence from the Secretary of State of Illinois; a certified copy of Owner's operating agreement; an incumbency certificate for each Owner and Sponsor; certificate of good standing for Sponsor of the Secretary of State; copies of the Sponsor's articles of organization containing the original certification of the Secretary of State, member's certificate for Sponsor. Owner and Sponsor have each 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 Owner Parties have provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving the Owner Parties, 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 Contractors. The Owner has selected Wash Construction, an Illinois corporation, and GMA Construction Group, an Illinois corporation as the Joint Venture General Contractor. Owner shall cause the General Contractor to solicit bids from one or more qualified subcontractors eligible to do business in the City of Chicago. The Owner shall submit copies of the Construction Contract to DOH 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 DOH within five (5) business days of the execution thereof. The Owner Parties shall ensure that no contractors shall begin work on the Project until the Plans and Specifications have been approved by DOH and all requisite permits have been obtained.

6.02 Construction Contract. The Owner shall deliver to DPD a copy of the Construction Contract with the General Contractor selected to handle the Project in accordance with **Section**

6.01 above, for DPD's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof,

6.03 Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Owner Parties shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better.

6.04 Employment Opportunity. The Owner Parties shall contractually obligate and cause the General Contractor, and the General Contractor shall cause each of its subcontractors, 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 8.08** (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 DPD within five (5) business days of the execution thereof

SECTION 7. COMPLETION OF CONSTRUCTION

7.01 Certificate of Completion of Construction. Upon completion of the construction of the Project in accordance with the terms of this Agreement, and upon the Owner Parties' written request, DPD shall issue to the Owner Parties a Certificate, in recordable form certifying that the Owner Parties have fulfilled their obligation to complete the Project in accordance with the terms of this Agreement. DPD shall respond to the Owner Parties' written request for a Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Owner Parties in order to obtain the Certificate. The Owner Parties may resubmit a written request for a Certificate upon completion of such measures. DPD shall not issue a Certificate until all of the following conditions are met by the Owner:

- i. receipt of a Certificate of Occupancy or other evidence acceptable to DPD that the Owner has complied with building permit requirements for the Project; 100% of the Project has been constructed and the architect of record has issued a certificate of substantial completion;
- ii. Evidence that Owner has incurred TIF-eligible costs, in an equal amount to, or greater than, \$6,000,000;
- iii. The City's monitoring and compliance unit has verified that, at the time the Certificate is issued, the Owner is in full compliance with City requirements set forth in Section 10 and Section 8.06 (M/WBE, City Residency and Prevailing Wage) with respect to construction of the Project, and that 100% of the Owner's MBE/WBE Commitment in Section 10.03 has been fulfilled;
- iv. The Owner has provided (1) evidence of installation of the environmental features as detailed on **Exhibit G**, and (2) an affidavit from its architect certifying that the Facility will achieve 100 points on the Chicago Sustainable Design Checklist; and
- v. There exists neither an Event of Default (after any applicable cure period) which is continuing nor a condition nor event which, with the giving of notice or passage of time or both, would constitute an Event of Default.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Owner Parties' obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at **Sections 8.02, 8.06, 8.18 and 8.19** as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in **Section 8.02** shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Owner Parties or a permitted assignee of the Owner Parties who, pursuant to **Section 18.15** of this Agreement, has contracted to take an assignment of the Owner Parties' rights under this Agreement and assume the Owner Parties' liabilities hereunder.

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

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

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

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

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

SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE OWNER PARTIES.

8.01 General. Each of the Owner and the Sponsor represent, warrant and covenant, as applicable, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that (each of the Owner Parties makes the following representations, warranties, and covenants only with respect to itself and not the other Owner Parties):

(a) the Owner is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required, Sponsor is an Illinois limited liability company, duly organized, validly existing, qualified to do business in Illinois,

and licensed to do business any other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) the Owner Parties have the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by the Owner Parties of this Agreement has been duly authorized by all necessary company action, as applicable, and does not and will not violate its organizational documents, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which any one of the Owner Parties is now a party or by which any one of the Owner Parties is now or may become bound;

(d) Owner shall acquire and shall maintain a good, indefeasible and merchantable leasehold interest in the Property (and a fee interest in all improvements thereon) free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Owner is contesting in good faith pursuant to **Section 8.18** hereof);

(e) the Owner Parties are now and for the Term of the Agreement shall remain solvent and able to pay their debts as they mature;

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

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

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

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

(j) prior to the issuance of a Certificate, the Owner Parties shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business or pursuant to the terms of the Ground Lease; (3) enter into any transaction outside the ordinary course of the Owner Parties' business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity (other than in connection with the financing for the Project); or (5) enter into any transaction that would cause a material and detrimental change to the Owner Parties' financial condition;

(k) the Owner has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens; or incur any

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

(l) Owner Parties have 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 any one of the Owner Parties in violation of Chapter 2-156-120 of the Municipal Code of the City; and

(m) none of the Owner Parties nor any Affiliate of the Owner Parties 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 shared ownership, a trust, a contract or otherwise.

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

8.03 Redevelopment Plan. The Owner Parties represent that the Project is and shall follow all of the terms of the Redevelopment Plan.

8.04 Use of City Funds. City Funds disbursed to any of the Owner Parties shall be used by the Owner Parties solely to pay for (or to reimburse the Owner Parties for their payment for) the TIF-Funded Improvements as provided in this Agreement. If the City pays any of the City Funds to Sponsor. Sponsor shall be required to loan or contribute the City Funds to the Owner, to reimburse the Owner for the costs of TIF-Funded Improvements or directly pay for the costs of the TIF-Funded Improvements.

8.05 TIF Bonds. The Owner Parties shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) TIF Bonds in connection with the Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Owner Parties or the Project; provided, further, that the proceeds of TIF Bonds issued on a tax-exempt basis cannot be used as a source of City Funds or to repay the City Funds. The Owner Parties shall, at the Owner Parties' expense, cooperate and provide reasonable assistance in connection with the marketing of any such TIF Bonds, including but not limited to providing written

descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Employment Opportunity; Progress Reports. The Owner Parties covenant and agree to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor (and the General Contractor shall, in turn, use reasonable efforts to cause its subcontractors) to abide by the terms set forth in **Section 10** hereof. The Owner shall deliver to the City written progress reports detailing compliance with the requirements of **Sections 8.08, 10.02 and 10.03** of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 75% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Owner shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Owner shall correct any shortfall.

8.07 Employment Profile. The Owner Parties shall submit, and contractually obligate and cause the General Contractor (and the General Contractor shall, in turn, use reasonable efforts to cause its subcontractors) to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.08 Prevailing Wage. On account of the CHA Loan which is part of the Lender Financing, the Project is subject to the requirements of the Davis-Bacon Act, 40 U.S.C. Section 276a et seq. Accordingly, pursuant to 820 ILCS 130/11 of the Illinois Prevailing Wage Act (820 ILCS 130/1 et seq.), the requirements of the Illinois Prevailing Wage Act shall not apply to the Project.

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

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

8.11 Disclosure of Interest. The Owner Parties' counsel has no direct or indirect financial ownership interest in the Owner Parties, the Property or any other aspect of the Project.

8.12 Financial Statements. The Owner Parties shall obtain and provide to DPD Financial Statements for the most current fiscal year ended December 31st and each December 31st thereafter for the Term of the Agreement. In addition, the Owner Parties shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

8.13 Insurance. The Owner, at its own expense, shall comply with all provisions of **Section 12** hereof.

8.14 Non-Governmental Charges.

(a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Owner agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Owner 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 Owner shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

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

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Owner's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this **Section 8.14**); or

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

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

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

8.17 Recording and Filing. The Owner shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property on the date hereof in the conveyance and real property records of Cook County, Illinois. The Owner shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Owner shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.18 Real Estate Provisions.

(a) Governmental Charges.

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

(ii) Right to Contest. The Owner has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Owner's right to challenge real estate taxes applicable to the Property is limited as provided for in **Section 8.18(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 Owner's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Owner has given prior written notice to DPD of the Owner's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

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

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

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

(c) Real Estate Taxes.

(i) Real Estate Tax Exemption. With respect to the Property or the Project, neither the Owner nor any agent, representative, lessee, tenant, assignee, transferee or

successor in interest to the Owner 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, except for (i) obtaining Class 9 designation, (ii) obtaining any reduction in assessed value available for the Property under 35 ILCS 200/15-178, (iii) obtaining the exemption available for the Rental Assistance Demonstration ("RAD") units, and (iv) obtaining any exemption for which DPD has provided its prior written consent.

(ii) Covenants Running with the Land. The parties agree that the restrictions contained in this **Section 8.18(c)** are covenants running with the land and this Agreement shall be recorded by the Owner as a memorandum thereof, at the Owner's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Owner Parties and their 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 Owner agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this **Section 8.18(c)** to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Owner Parties, their successors or assigns, may waive and terminate the Owner Parties' covenants and agreements set forth in this **Section 8.18(c)**.

8.19 Affordable Housing Covenant. Owner Parties agree and covenant to the City that, prior to any foreclosure of the Property by a lender providing Lender Financing, the provisions of that certain Low Income Housing Tax Credit Regulatory Agreement executed by Owner and DPD as of the date hereof shall govern the terms of Owner's obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

- (a) The Facility shall be operated and maintained solely as residential rental housing with the exception of a leasing and property management office and parking spaces;
- (b) Twelve (12) residential housing units in the Facility shall be leased to market rate households;
- (c) Sixty-Eight (68) units in the Facility have monthly rents not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income; and
- (d) As used in this Section 8.19, the following terms have the following meanings:
 - (i) "Family" shall mean one or more individuals, whether or not related by blood or marriage; and
 - (ii) "Low Income Families" shall mean Families whose annual income does not exceed eighty percent (80%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time

to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) The covenants set forth in this Section 8.19 shall run with the land and be binding upon any transferee.

8.20 Survival of Covenants. All warranties, representations, covenants and agreements of the Owner Parties contained in this **Section 8** and elsewhere in this Agreement shall be true, accurate and complete at the time of the Owner Parties' execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in **Section 7** hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

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

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

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

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

SECTION 10. OWNER PARTIES' EMPLOYMENT OBLIGATIONS

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

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

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

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

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

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

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

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

10.02 City Resident Construction Worker Employment Requirement. The Owner Parties agree for themselves and their successors and assigns, and shall contractually obligate their contractors and 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 Owner Parties, their contractors 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 Owner Parties 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 Owner Parties, the contractors and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

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

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

At the direction of DPD, affidavits and other supporting documentation will be required of the Owner Parties, the contractors 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 Owner Parties, the contractors 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 Owner Parties have 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 Owner Parties 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 Owner Parties, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Owner Parties 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 Owner Parties 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 Owner Parties 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. Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the

provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this **Section 10.03**, during the course of construction of the Project, at least the following percentages of hard construction costs as set forth in the Project Budget (as set forth in **Exhibit F** hereto) shall be expended for contract participation by minority-owned businesses ("**MBEs**") and by women-owned businesses ("**WBEs**") as follows:

- a. at least 26 percent by MBEs;
- b. at least 6 percent by WBEs.

Consistent with Section 2-92-440, Municipal Code of Chicago, the Owner Parties' MBE/WBE commitment may be achieved in part by the Owner Parties' status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Owner Parties) 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 Owner Parties utilizing a MBE or a WBE as a contractor (but only to the extent of any actual work performed on the Project by such contractor), by subcontracting a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Owner Parties' MBE/WBE commitment as described in this **Section 10.03**.

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

Upon the disqualification of any MBE or WBE contractor or subcontractor, if such status was misrepresented by the disqualified party, the Owner Parties shall be obligated to discharge or cause to be discharged the disqualified contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this **Section 10.03**, the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

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

Prior to the commencement of the Project, the Owner Parties shall be required to meet with the monitoring staff of DPD with regard to the Owner Parties' compliance with its obligations under this **Section 10.03**. All contractors and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Owner Parties shall demonstrate to DPD their plan to achieve their obligations under this **Section 10.03**, the sufficiency of which shall be approved by DPD. During the Project, the Owner Parties shall submit the documentation required by this **Section 10.03** to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Owner

Parties are not complying with their obligations under this **Section 10.03**, shall, upon the delivery of written notice to the Owner Parties, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided hereunder, the City may: (1) issue a written demand to the Owner Parties to halt the Project, (2) withhold any further payments to, or on behalf of, the Owner Parties, or (3) seek any other remedies against the Owner Parties available at law or in equity.

The Owner Parties will include the foregoing provisions in every contract entered into in connection with the Project and every agreement with any Affiliate operating on the Property so that such provision will be binding upon each contractor or Affiliate, as the case may be.

SECTION 11. ENVIRONMENTAL MATTERS

The Owner Parties hereby represent and warrant to the City that the Owner Parties have conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, the Owner Parties agree to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the Owner Parties: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which the Owner Parties or any person directly or indirectly controlling, controlled by or under common control with the Owner Parties, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by the Owner Parties), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Owner Parties or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

The Owner must provide and maintain, at Owner's own expense, or cause to be provided and maintained during the term of this Agreement, the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to execution and delivery of this Agreement.

(i) Workers Compensation and Employers Liability

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

(ii) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed

operations independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) All Risk Property

All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(b) Construction. Prior to the construction of any portion of the Project, Owner will cause its architects, contractors, subcontractors, project managers and other parties constructing the Project to procure and maintain the following kinds and amounts of insurance:

(i) Workers Compensation and Employers Liability

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

(ii) Commercial General Liability (Primary and Umbrella)

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

(iii) Automobile Liability (Primary and Umbrella)

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

(iv) Railroad Protective Liability

When any work is to be done adjacent to or on railroad or transit property, Owner must provide cause to be provided with respect to the operations that Contractors perform, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) All Risk /Builders Risk

When Owner undertakes any construction, including improvements, betterments, and/or repairs, the Owner must provide or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or

will be part of the project. The City of Chicago is to be named as an additional insured and loss payee/mortgagee if applicable.

(vi) Professional Liability

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

(vii) Valuable Papers

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

(viii) Contractors Pollution Liability

When any remediation work is performed which may cause a pollution exposure, the Owner must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less than \$1,000,000 per occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. When policies are renewed or replaced, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years. The City of Chicago is to be named as an additional insured.

(c) Post Construction:

(i) All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(d) Other Requirements:

The Owner must furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Owner must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from Owner is not a waiver by the City of any requirements for the Owner to obtain and maintain the specified coverages. The Owner shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve Owner of the

obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work and/or terminate agreement until proper evidence of insurance is provided.

The insurance must provide for 30 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any deductibles or self-insured retentions on referenced insurance coverages must be borne by Owner and Contractors.

The Owner hereby waives and agrees to require their insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The coverages and limits furnished by Owner in no way limit the Owner's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self insurance programs maintained by the City of Chicago do not contribute with insurance provided by the Owner under the Agreement.

The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

If Owner is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

The Owner must require all contractors and subcontractors to provide the insurance required herein, or Owner may provide the coverages for contractors and subcontractors. All Contractors and subcontractors are subject to the same insurance requirements of Owner unless otherwise specified in this Agreement.

If Owner, any contractor or subcontractor desires additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

SECTION 13. INDEMNIFICATION

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

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

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

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

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

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

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. The Owner Parties 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 Owner Parties' loan statements, if any, General Contractor's and subcontractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Owner Parties' offices for inspection, copying, audit and examination by an authorized representative of the City, at the Owner Parties' expense. The Owner Parties shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Owner Parties with respect to the Project.

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

SECTION 15. DEFAULT AND REMEDIES

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

(a) the failure of the Owner Parties to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Owner Parties under this Agreement or any related agreement related to the Project;

(b) the failure of the Owner Parties to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Owner Parties under any other agreement related to the Project with any person or entity if such failure may have a material adverse effect on the Owner Parties' business, property, assets, operations or condition, financial or otherwise, and the Project;

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

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

(e) the commencement of any proceedings in bankruptcy by or against the Owner Parties or for the liquidation or reorganization of the Owner Parties, or alleging that the Owner Parties are insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Owner Parties' 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 Owner Parties; 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 ninety (90) days after the commencement of such proceedings;

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

(g) the entry of any judgment or order against the Owner Parties which remains unsatisfied or undischarged and in effect for ninety (90) days after such entry without a stay of enforcement or execution;

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

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

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

(k) prior to the expiration of the Term of the Agreement, the sale or transfer of a majority of the ownership interests of the Owner Parties without the prior written consent of the City, except as permitted pursuant to **Section 4.10**.

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

15.02 Remedies. Upon the occurrence of an Event of Default, but subject to Section 4.07 hereof, the City may terminate this Agreement and all related agreements and may suspend disbursement of City Funds. Additionally, upon the occurrence of an Event of Default in relation to **Section 8.19**, the Owner Parties or Affiliates shall reimburse the City all of the City Funds

disbursed to any one of the Owner Parties to date. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to reimbursement of all or part of the City Funds, injunctive relief or the specific performance of the agreements contained herein.

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

Any performance of Owner Parties duties, obligations or rights (including cure rights) that is offered to the City by any member of the Owner Parties on behalf of the Owner Parties will be evaluated and accepted or rejected by the City as though offered by the Owner Parties itself.

15.04 Right to Cure by Citibank. If a default occurs under this Agreement and, as a result thereof, the City intends to exercise any right or remedy available to it that could result in termination of this Agreement and all related agreements, or the suspension, cancellation, reduction or reimbursement of City Funds disbursed hereunder, or any other remedy under this Agreement, the City shall, prior to exercising such right or remedy, send notice of such intended exercise to Citibank, N.A., a national banking association ("**Citibank**"), (including, without limitation, by exercise of management take-over rights of the Owner under its partnership agreement) and Citibank shall have the right (but not the obligation) to cure such default within 90 days following the receipt of such notice. The City agrees that at any time during which an Event of Default has occurred under the Lender Financing Documents, during the period that Citibank is diligently and continuously pursuing actions or remedies under the Lender Financing, with or without the Developer Parties, that are intended to cause substantial completion of the Project, and, as part of such actions or remedies, continues to fund or make advances to pay Project costs, the City shall cease exercising its remedies under Section 15.02. Notwithstanding anything to the contrary contained in this Agreement, including, without limitation, the continuation of any cure periods under Section 15.03 and this Section 15.04, in the event Citibank initiates a foreclosure proceeding, or provides a notice of discontinuance of actions or remedies intending to achieve substantial completion, the City may immediately commence or re-commence exercising any and all of the remedies specified in Section 15.02 above.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit E 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 Owner Parties may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a “**New Mortgage**.” Any New Mortgage that the Owner Parties may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a “**Permitted Mortgage**.” It is hereby agreed by and between the City and the Owner Parties as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Owner's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Owner's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Owner 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 Owner's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Owner's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Owner Parties for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of the Owner Parties 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 Owner Parties' interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Owner Parties which accrued prior to the time such party succeeded to the interest of the Owner Parties under this Agreement, in which case the Owner Parties shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Owner Parties' 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 Owner Parties of a Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD.

SECTION 17. NOTICE

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

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

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

If to the Owner: Park Boulevard 3B LLC
c/o Stateway Associates 3B LLC
10 West 35th Street, 10th Floor
Chicago, IL 60616
Attention: James L. Miller

With a copy to: Applegate & Thorne-Thomsen, P.C.
425 S. Financial Place, Suite 1900
Chicago, Illinois 60605
Attention: Nicole A. Jackson

With a copy to: Wincopin Circle LLLP
c/o Enterprise Community Asset Management, Inc.
70 Corporate Center
11000 Broken Land Parkway, Suite 700
Columbia, Maryland 21044
Attention: Asset Management

With a copy to: sshack@enterprisecommunity.com
Attention: General Counsel

And: Gallagher Evelius & Jones LLP
218 North Charles Street, Suite 400
Baltimore, Maryland 21201
Attention: Kenneth S. Gross

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 clause (a) hereof shall be deemed received upon such personal service. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (c) shall be deemed received two (2) business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

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

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

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Owner Parties 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 Owner Parties from the City or any successor in interest or on any obligation under the terms of this Agreement.

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

18.05 Waiver. Waiver by the City or the Owner Parties 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 Owner Parties in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

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

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

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

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

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

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

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

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

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

18.15 Assignment. The Owner Parties may not sell, assign or otherwise transfer their interest in this Agreement in whole or in part without the written consent of the City, other than as promised in Section 4.08 or otherwise permitted herein; provided, however, that the Owner Parties may collaterally assign their respective interests in this Agreement to any of its lenders identified to the City as of the Closing Date, or to any lenders identified after the Closing Date and approved by the City, if any such lenders require such collateral assignment. Any successor in interest to the Owner Parties under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to **Sections 8.18, 8.19 and 8.20** hereof, for the Term of the Agreement. The Owner Parties consent to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

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

to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

18.19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 *et seq.*), if the Owner Parties are required to provide notice under the WARN Act, the Owner Parties 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 Owner Parties has locations in the State. Failure by the Owner Parties to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

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

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

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

18.23 Debarment Certification. Failure by the Owner Parties or any controlling person of either, as defined in Section 1-23-010 of the Municipal Code, thereof to maintain eligibility to do business with the City as required by Section 1-23-030 of the Municipal Code shall be grounds for termination of this Agreement and the transactions contemplated thereby.

18.24 Inspector General and Legislative Inspector General. It is the duty of the Owner Parties, any subgrantee, bidder, proposer, contractor, subcontractor, and every applicant

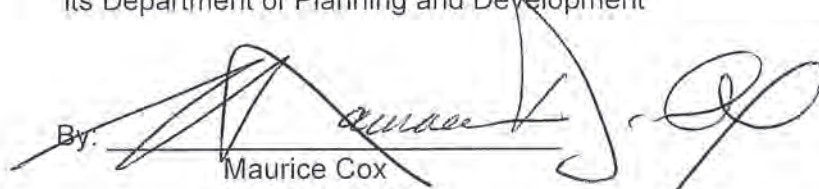
for certification of eligibility for a City contract or program, and all officers, directors, agents, partners, and employees of any such subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Inspector General in any investigation or hearing undertaken pursuant to Chapter 2-56 of the Municipal Code. The Owner Parties represent that they understand and will abide by all provisions of Chapter 2-56 of the Municipal Code and that the Owner Parties will inform subcontractors of this provision and require their compliance.

It is the duty of the Owner Parties, any subgrantee, bidder, proposer, contractor, subcontractor, and every applicant for certification of eligibility for a City contract or program, and all officers, directors, agents, partners, and employees of the Owner Parties, any such subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Legislative Inspector General in any investigation undertaken pursuant to Chapter 2-55 of the Municipal Code. The Owner Parties represent that they understand and will abide by all provisions of Chapter 2-55 of the Municipal Code and that the Owner Parties will inform subcontractors of this provision and require their compliance.

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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.

CITY OF CHICAGO, acting by and through
its Department of Planning and Development

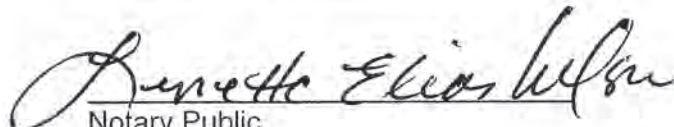
By: 
Maurice Cox
Commissioner

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

NOTARY CERTIFICATION

I, the undersigned, a Notary Public in and for the county and State aforesaid, DO HEREBY CERTIFY that Maurice Cox, Commissioner of the Department of Planning and Development of the City of Chicago, Illinois, an Illinois municipal corporation, on behalf of the corporation (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the authority given to him by the City, as his 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 1ST day of March, 2022.


Notary Public

My Commission Expires June 6, 2022

(SEAL)



OWNER:

PARK BOULEVARD 3B LLC,
an Illinois limited liability company

By: Park Boulevard 3B Manager LLC,
an Illinois limited liability company, its Manager

By: JLM Manager, LLC,
an Illinois limited liability company

Its: Manager

By: 
James L. Miller
Its Manager

NOTARY CERTIFICATION

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do certify that James L. Miller, personally known to me to be the member of JLM Manager, LLC, an Illinois limited liability company, the manager of Park Boulevard 3B Manager LLC, an Illinois limited liability company (the "Manager"), the manager of Park Boulevard 3B LLC and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such Authorized Agent, s/he signed and delivered the said instrument, pursuant to authority given by the members of the Manager as the free and voluntary act of such person, and as the free and voluntary act and deed of the Manager and Park Boulevard 3B LLC.

GIVEN under my hand and official seal this 10th day of March, 2022


Notary Public

My Commission Expires 4-2-2023

(SEAL)



SPONSOR:

36th and State LLC, an Illinois limited liability company

By: The Interfaith Housing Development Corporation of Chicago,
an Illinois not-for-profit corporation
Its Sole Manager

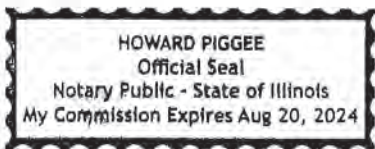
By: [Signature]
Name: Peggy B. Vietor
Its: President

NOTARY CERTIFICATION

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, undersigned, a notary public in and for the said County, in the State aforesaid, HEREBY CERTIFY that Peggy Vietor, personally known to me to be the President of The Interfaith Housing Development Corporation of Chicago ("Interfaith"), an Illinois not-for-profit corporation and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that s/he signed, sealed, and delivered said instrument, pursuant to the authority given to her/him by the board of directors of Sponsor, as her/his free and voluntary act and as the free and voluntary act of Sponsor, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 11 day of March, 2022



[Signature]
Notary Public

My Commission Expires _____

(SEAL)

LIST OF EXHIBITS

Exhibit A	Redevelopment Area
Exhibit B	*Property Legal Description
Exhibit C	*TIF-Funded Improvements
Exhibit D	Redevelopment Plan
Exhibit E	*Permitted Liens
Exhibit F-1	*Project Budget
Exhibit F-2	*MBE/WBE Budget
Exhibit G	Environmental Features
Exhibit H	Approved Prior Expenditures
Exhibit I	Opinion of Owner Parties' Counsel
Exhibit J	Requisition Form

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

**COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387**

**COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387**

EXHIBIT A

REDEVELOPMENT AREA

[Not attached for Recording purposes.]

**COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387**

**COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387**

EXHIBIT B

(PARK BOULEVARD 3B)

LEGAL DESCRIPTION

LEASEHOLD ESTATE, AS LEASEHOLD ESTATE IS DEFINED IN PARAGRAPH 1 (C) OF THE ALTA FORM 13.0/13.1, CREATED BY THE INSTRUMENT HEREIN REFERRED TO AS THE GROUND LEASE, EXECUTED BY CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LESSOR, AND 36TH AND STATE LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, WHOLLY OWNED BY THE INTERFAITH HOUSING DEVELOPMENT CORPORATION OF CHICAGO, AN ILLINOIS NOT FOR PROFIT CORPORATION, AS LESSEE, DATED MARCH 1, 2022, WHICH GROUND LEASE, RECORDED CONCURRENTLY HERewith, AND ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF GROUND LEASE FROM 36TH AND STATE LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, WHOLLY OWNED BY THE INTERFAITH HOUSING DEVELOPMENT CORPORATION OF CHICAGO, AN ILLINOIS NOT FOR PROFIT CORPORATION, TO PARK BOULEVARD 3B LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, DATED MARCH 1, 2022, RECORDED CONCURRENTLY HERewith, WHICH GROUND LEASE DEMISES THE FOLLOWING DESCRIBED LAND FOR A TERM OF 72 YEARS BEGINNING MARCH 1, 2022 AND ENDING FEBRUARY 28, 2094:

PARCEL 1:

LOTS 1, 2 AND 3 IN BLOCK F IN THE SUBDIVISION OF STATEWAY GARDENS PHASE 1, BEING A SUBDIVISION OF PART OF VARIOUS LOTS AND BLOCKS AND VACATED STREETS AND VACATED ALLEYS IN VARIOUS SUBDIVISIONS IN THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, WHICH PLAT THEREOF WAS RECORDED AUGUST 19, 2005 AS DOCUMENT NUMBER 0523145025;

PARCEL 2:

THAT PART OF LOTS 21 THROUGH 25 IN THE SUBDIVISION OF BLOCK 17 OF CANAL TRUSTEE'S SUBDIVISION (ANTE-FIRE), AND ALSO LOTS 1 THROUGH 4 IN PARMENTER'S SUBDIVISION OF LOTS 26 TO 30 IN SUBBLOCK 3 OF BLOCK 17 IN CANAL TRUSTEE'S SUBDIVISION OF SECTION 33, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RE-RECORDED SEPTEMBER 2, 1872 AS DOCUMENT NUMBER 53398, AND ALSO, PART OF THE ALLEY VACATED BY THE DOCUMENT RECORDED JUNE 27, 1955 AS DOCUMENT NUMBER 16282557 AND DOCUMENT RECORDED AUGUST 1, 1956 AS DOCUMENT NUMBER 16656505, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT 25; THENCE NORTH 89 DEGREES 49 MINUTES 55 SECONDS WEST ALONG THE NORTH LINE OF EAST 37TH STREET AS SHOWN ON THE PLAT OF STATEWAY GARDENS PHASE II-B RECORDED DECEMBER 3, 2012 AS DOCUMENT NUMBER 1233829122, A DISTANCE OF 226.00 FEET; THENCE NORTH 00 DEGREES 07 MINUTES 04 SECONDS EAST 109.17 FEET; THENCE SOUTH 89 DEGREES 49 MINUTES 55 SECONDS EAST 226.00 FEET TO THE WEST LINE OF SOUTH DEARBORN STREET AS SHOWN ON THE PLAT OF STATEWAY GARDENS PHASE II-A RECORDED JUNE 21, 2011 AS DOCUMENT NUMBER 1117245033; THENCE SOUTH 00 DEGREES 07 MINUTES 04 SECONDS WEST ALONG SAID WEST LINE 109.17 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS;

EXCEPTING THEREFROM ALL BUILDINGS AND IMPROVEMENTS LOCATED OR TO BE LOCATED, AFTER THE DATE OF THE AFORESAID GROUND LEASE, THEREON.

PARCEL 3:

NON-EXCLUSIVE EASEMENT APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 2 AS SET FORTH AND DEFINED IN THE EASEMENT AGREEMENT DATED MARCH 1, 2022, RECORDED CONCURRENTLY HEREWITH.

PARCEL 4:

ALL BUILDINGS AND IMPROVEMENTS TO BE LOCATED ON THE REAL PROPERTY KNOWN AS 41 WEST 36TH STREET, CHICAGO, IL 60609, AFTER THE DATE OF THE AFORESAID GROUND LEASE, ON THE LEASEHOLD ESTATE HEREINABOVE DESCRIBED AS PARCEL 1, BUT EXPRESSLY EXCLUDING ANY LAND DESCRIBED IN THE AFORESAID GROUND LEASE.

AND,

ALL BUILDINGS AND IMPROVEMENTS TO BE LOCATED ON THE REAL PROPERTY KNOWN AS 42 WEST 37TH STREET, CHICAGO, IL 60609, AFTER THE DATE OF THE AFORESAID GROUND LEASE, ON THE LEASEHOLD ESTATE HEREINABOVE DESCRIBED AS PARCEL 2, BUT EXPRESSLY EXCLUDING ANY LAND DESCRIBED IN THE AFORESAID GROUND LEASE.

COMMON ADDRESSES: 41 W. 36TH STREET, CHICAGO, ILLINOIS 60609 (PARCEL 1); AND
42 W. 37TH STREET, CHICAGO, ILLINOIS 60609 (PARCEL 2)

PINS: 17-33-407-060-0000 (AFFECTS PARCEL 2 AND OTHER PROPERTY);
17-33-427-001-0000 (AFFECTS PARCEL 1);
17-33-427-002-0000 (AFFECTS PARCEL 1); AND
17-33-427-003-0000 (AFFECTS PARCEL 1).

EXHIBIT C

TIF-FUNDED IMPROVEMENTS

50% of the cost of construction of new housing units to be occupied by low-income households 65 ILCS 5/11-74.4-3(q)(11)(F)	\$14,114,586
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TOTAL	\$14,114,586*
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*Notwithstanding the total amount referenced above, the City Funds for the TIF-Funded Improvements shall not exceed \$6,000,000.

EXHIBIT D

REDEVELOPMENT PLAN

[Not attached for Recording purposes.]

**COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387**

**COOK COUNTY CLERK OFFICE
RECORDING DIVISION
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CHICAGO, IL 60602-1387**

EXHIBIT E

PERMITTED LIENS

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

COOK COUNTY CLERK OFFICE
RECORDING DIVISION
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CHICAGO, IL 60602-1387

COOK COUNTY CLERK OFFICE
RECORDING DIVISION
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EXHIBIT F-1

PROJECT BUDGET
PARK BOULEVARD 3B
PROJECT SOURCES AND USES

SOURCES

Citibank- A	\$ 3,950,000
CHA Capital Funds	\$14,955,596
TIF Funds	\$ 6,000,000
DTC Equity	\$ 788,775
Owner Equity	\$ 10,100
Deferred Developer Fee	\$ 909,651
LITHC Equity	\$16,429,543
Total Sources	\$43,043,665

USES

Land Costs	\$ 50,099
Construction	\$ 32,068,390
Construction Contingency	\$ 1,606,175
Environmental	\$ 607,689
Construction Period	\$ 190,000
Architect/Engineering Fees	\$ 1,453,814
Loan Origination	\$ 233,500
Legal Fees	\$ 675,000
Marketing/Lease up Fees	\$ 90,000
Environmental	\$ 25,000
Loan Interest	\$ 832,475
Reserves	\$ 573,350
Tax Credit Allocation Fees	\$ 113,854
Developer Fee	\$ 2,125,000
Developer Financial Consultant	\$ 275,000
Deferred Developer Fee	\$ 909,654
Other Soft Costs	\$ 1,214,665
Total Uses	\$ 43,043,665

EXHIBIT F-2

MBE/WBE BUDGET

MBE/WBE BUDGET

Development Cost	Total Costs	MBE (26%)	WBE(6%)
Site Preparation	\$1,960,903	\$509,835	\$117,654
Net Construction Costs	\$25,609,924	\$6,658,580	\$1,536,595
General Conditions	\$1,690,711	\$439,585	\$101,443
Overhead	\$563,570	\$146,528	\$101,443
Environmental Remediation	\$607,689	\$157,999	\$36,461
Architectural & Engineering	\$931,794	\$242,266	\$55,908
Engineering Fees	\$507,020	\$131,825	\$30,421
Total	\$33,562,322	\$8,726,204	\$2,013,739

EXHIBIT G

ENVIRONMENTAL FEATURES

[Not attached for Recording purposes.]

COOK COUNTY CLERK OFFICE
RECORDING DIVISION
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CHICAGO, IL 60602-1387

COOK COUNTY CLERK OFFICE
RECORDING DIVISION
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CHICAGO, IL 60602-1387

EXHIBIT H

APPROVED PRIOR EXPENDITURES

None.

COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387

COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387

EXHIBIT 1

OPINION OF OWNER'S PARTIES COUNSEL

[Not attached for Recording purposes.]

**COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387**

**COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387**

EXHIBIT J
REQUISITION FORM

[Not attached for Recording purposes.]

COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387

COOK COUNTY CLERK OFFICE
RECORDING DIVISION
118 N. CLARK ST. ROOM 120
CHICAGO, IL 60602-1387

CITY OF CHICAGO, ILLINOIS
35TH/STATE
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2022

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

C O N T E N T S

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION	1-2
Management's discussion and analysis	3-5
Statement of net position and governmental fund balance sheet	6
Statement of activities and governmental fund revenues, expenditures and changes in fund balance	7
Notes to financial statements	8-10
SUPPLEMENTARY INFORMATION	
Schedule of expenditures by statutory code	11



INDEPENDENT AUDITOR'S REPORT

The Honorable Brandon Johnson, Mayor
Members of the City Council
City of Chicago, Illinois

Opinion

We have audited the accompanying financial statements of the 35th/State Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Project's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 35th/State Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Chicago, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements of the 35th/State Redevelopment Project, City of Chicago, Illinois, are intended to present the financial position and the changes in financial position, of only that portion of the special revenue funds of the City of Chicago, Illinois that is attributable to the transactions of the 35th/State Redevelopment Project. They do not purport to, and do not, present the financial position of the City of Chicago, Illinois, as of December 31, 2022 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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 for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Chicago's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

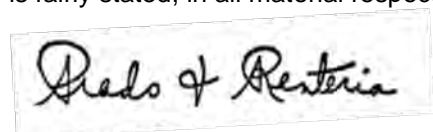
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 35th/State Redevelopment Project's 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.



June 29, 2023

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

As management of the 35th/State Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2022. Please read it in conjunction with the Project's financial statements, which follow this section.

Overview of the Financial Statements

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

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

Notes to the Financial Statements

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

Other Supplementary Information

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

Condensed Comparative Financial Statements

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

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$1,911,511 for the year. This was a decrease of 30 percent over the prior year. The change in net position produced a decrease in net position of \$3,142,050. The Project's net position decreased by 55 percent from the prior year making available \$2,603,989 of funding to be provided for purposes of future redevelopment in the Project's designated area. Expenses increased this year due to the Project's formulation of a redevelopment plan or necessary funding was substantially complete and available.

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

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

Government-Wide

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 5,632,743	\$ 6,369,386	\$ (736,643)	-12%
Total liabilities	<u>3,028,754</u>	<u>623,347</u>	<u>2,405,407</u>	386%
Total net position	<u>\$ 2,603,989</u>	<u>\$ 5,746,039</u>	<u>\$ (3,142,050)</u>	-55%
Total revenues	\$ 1,829,211	\$ 2,747,935	\$ (918,724)	-33%
Total expenses	<u>4,971,261</u>	<u>2,266,252</u>	<u>2,705,009</u>	119%
Changes in net position	<u>(3,142,050)</u>	<u>481,683</u>	<u>(3,623,733)</u>	-752%
Ending net position	<u>\$ 2,603,989</u>	<u>\$ 5,746,039</u>	<u>\$ (3,142,050)</u>	-55%

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2022

<u>A S S E T S</u>	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Cash and investments	\$ 2,924,183	\$ -	\$ 2,924,183
Property taxes receivable	2,698,644	-	2,698,644
Accrued interest receivable	9,916	-	9,916
Total assets	<u>\$ 5,632,743</u>	<u>\$ -</u>	<u>\$ 5,632,743</u>
<u>LIABILITIES AND DEFERRED INFLOWS</u>			
Vouchers payable	\$ 3,000,000	\$ -	\$ 3,000,000
Due to other City funds	28,754	-	28,754
Total liabilities	<u>3,028,754</u>	<u>-</u>	<u>3,028,754</u>
Deferred inflows	1,778,956	(1,778,956)	-
<u>FUND BALANCE/NET POSITION</u>			
Fund balance:			
Restricted for future redevelopment project costs	<u>825,033</u>	(825,033)	-
Total liabilities, deferred inflows and fund balance	<u>\$ 5,632,743</u>		
Net position:			
Restricted for future redevelopment project costs		<u>2,603,989</u>	<u>2,603,989</u>
Total net position		<u>\$ 2,603,989</u>	<u>\$ 2,603,989</u>

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

Total fund balance - governmental fund	\$ 825,033
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	<u>1,778,956</u>
Total net position - governmental activities	<u>\$ 2,603,989</u>

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

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Governmental Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 2,250,305	\$ (338,794)	\$ 1,911,511
Interest income (loss)	(82,300)	-	(82,300)
	<hr/>	<hr/>	<hr/>
Total revenues	2,168,005	(338,794)	1,829,211
Expenditures/expenses:			
Economic development projects	4,971,261	-	4,971,261
	<hr/>	<hr/>	<hr/>
Excess of expenditures over revenues	(2,803,256)	2,803,256	-
Change in net position	-	(3,142,050)	(3,142,050)
Fund balance/net position:			
Beginning of year	3,628,289	2,117,750	5,746,039
	<hr/>	<hr/>	<hr/>
End of year	<u>\$ 825,033</u>	<u>\$ 1,778,956</u>	<u>\$ 2,603,989</u>

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

Net change in fund balance - governmental fund	\$ (2,803,256)
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.	<hr/> (338,794)
Change in net position - governmental activities	<hr/> <u>\$ (3,142,050)</u>

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

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In January 2004, the City of Chicago (City) established the 35th/State Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the special revenue funds of the City.

The financial statements present only the activities of the 35th/State Tax Increment Redevelopment Project and do not purport to present the financial position and the changes in financial position of any other special revenue funds of the City of Chicago, Illinois, as of December 31, 2022 and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(b) *Accounting Policies*

The accounting policies of the Project are based upon accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

(c) *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) and the governmental fund financial statements (i.e., the balance sheet and the statement of governmental fund revenues, expenditures and changes in fund balance) report information on the Project. See Note 1(a).

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

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

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

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Continued)

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

(e) *Assets, Liabilities and Net Position*

Cash and Investments

Cash being held by 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 and fair market value adjustments on pooled investments are allocated to participating funds based on their average combined cash and investment balances. Since investment income is derived from pooled investments, the fair value measurement and fair value hierarchy disclosures of GASB 72 will not be separately presented in a note disclosure.

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 recognized at amortized cost. In 2022, due to fair value adjustments, investment income is showing a loss.

Deferred Inflows

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

Capital Assets

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

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 1 – Summary of Significant Accounting Policies (Concluded)

(f) *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. Refer to Note 2 for reimbursements paid to the developer.

Note 2 – Tax Abatement Payments

Under the terms of the redevelopment agreements, the Project paid the developers \$1,840,185 during the year ended December 31, 2022.

Note 3 – Commitments

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

As of December 31, 2022, the Project has various outstanding service and construction projects with encumbrances for approximately \$6,000,000.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
35TH/STATE REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 31,884
Costs of property assembly, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land	99,192
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	1,428,407
Costs of construction of new housing units for low income and very low income households	<u>3,411,778</u>
	<u>\$ 4,971,261</u>



INDEPENDENT AUDITOR'S REPORT

The Honorable Brandon Johnson, 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 the 35th/State Redevelopment Project of the City of Chicago, Illinois, which comprise the statement of net position and governmental fund balance sheet as of December 31, 2022, 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 29, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Project failed to comply with the regulatory provisions in Subsection (q) of Section 11-74.4-3 of the Illinois Tax Increment Allocation Redevelopment Act and Subsection (o) of Section 11-74.6-10 of the Illinois Industrial Jobs Recovery Law as they relate to the eligibility for costs incurred incidental to the implementation of the 35th/State Redevelopment Project of the City of Chicago, Illinois.

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

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

Prado & Renteria

June 29, 2023