

Contract Summary Sheet

Contract (PO) Number: 5534

Specification Number: 24099

Name of Contractor: HOME DEPOT CORP

City Department: PLANNING & DEVELOPMENT

Title of Contract: Redevelopment Agreement for 200-306 W. 87th

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

\$3,200,000 00

PO Start Date: 1-28-99

PO End Date: 12-1-09

Brief Description of Work: Redevelopment Agreement for 200-306 W. 87th

Procurement Services Contact Person: BARBARA SUTTON

Vendor Number: 1060964

Submission Date:

MAY 20 2004

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This agreement was prepared by and
after recording return to:
M. Susan Lopez, Esq.
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

REDEVELOPMENT AGREEMENT

This Redevelopment Agreement (the "Agreement") is made as of this 28th day of January, 1999, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and Home Depot U.S.A., Inc., a Delaware corporation (the "Developer").

RECITALS

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

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq. (1993 State Bar Edition), as amended from time to time (the "Act") to finance projects that eradicate blighted conditions through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "the City Council") adopted the following ordinances on December 18, 1986: (1) "An Ordinance of the City of Chicago, Illinois, Concerning the Approval of Tax Increment Redevelopment Plan for the Chatham Ridge Redevelopment Tax Increment Financing Project" (as amended on October 30, 1996); (2) "An Ordinance of the City of Chicago, Illinois, Concerning the Designation of the Chatham Ridge Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois, Concerning the Adoption of Tax Increment Allocation Financing for the Chatham Ridge Redevelopment Project Area" (the "TIF Adoption Ordinance"), (collectively referred to herein as the "TIF Ordinances"). The redevelopment project area (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Developer has purchased certain property located within the Redevelopment Area at 200-306 West 87th Street, Chicago, Illinois 60620 and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, has commenced and will complete construction of an approximately 131,552 square-foot retail building comprised of a 103,580 square-foot single story home improvement facility with an attached 27,972 square-foot garden center (the "Facility") and associated parking for approximately 578 cars on the Property. The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Chatham Ridge Redevelopment Area Tax Increment Financing Program Redevelopment Plan (the "Redevelopment Plan") 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 the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

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

"Applicable Base EAV" shall mean the equalized assessed valuation of the Property as determined pursuant to Section 4.08 hereof.

"Available Incremental Taxes" shall mean an amount equal to the positive difference, if any, of (a) the amount of Incremental Taxes attributable to the taxes levied on the Property remaining in the General Account of the Chatham Ridge TIF Fund after payment of (i) all amounts required to be paid pursuant to the ordinance adopted by the City Council of the City on November 4, 1987 authorizing the issuance of the TIF Bonds and (ii) any amount required to be paid pursuant to Section 4.07 hereof for the Jobs Readiness Program over (b) the amount of Incremental Taxes deposited in the Chatham Ridge TIF Fund attributable to the Applicable Base EAV.

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

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

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

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

"Commissioner" shall mean the Commissioner of Planning and Development of the City.

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

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

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

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

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

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

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

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

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

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

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

"Jobs Readiness Program" shall have the meaning ascribed to it in Section 4.07.

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

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

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

"Other Bonds" shall have the meaning set forth in Section 8.05 hereof.

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

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

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

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

"Redevelopment Area" shall have the meaning set forth in paragraph C of the Recitals hereto.

"Redevelopment Plan" shall have the meaning set forth in paragraph E of the Recitals hereto.

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

"Survey" shall mean an ALTA plat of survey of the Property dated within 45 days prior to the Closing, 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 Department of Housing and Urban Development (and updates thereof to reflect improvements to the Property in connection with the construction of the Facilities and related improvements as required by the City).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on December 1, 2009, the date on which the Redevelopment Area is no longer in effect.

"TIF Bonds" shall mean the City of Chicago Chatham Ridge Tax Increment Revenue Bonds, Series 1987 issued by the City on September 7, 1988.

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

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

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

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

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

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer has, pursuant to the Plans and Specifications: (i) commenced construction on August 12, 1996; and (ii) completed construction and begun to conduct business operations therein on or about May 1, 1997.

3.02 Plans and Specifications. The Developer has delivered the Plans and Specifications to DPD and DPD has approved same. The Developer also submitted all such documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget dated as of the date hereof showing total costs for the Project in an amount not less than Fifteen Million Four Hundred Nine Thousand Five Hundred Twenty-Seven Dollars (\$15,409,527.00). The Developer hereby certifies to the City that (a) it has 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.

3.04 DPD Approval. Any approval granted by DPD of the Plans and Specifications 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.

3.05 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5.03 hereof. The Developer hereby certifies that it has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Plans and Specifications) and has submitted evidence to DPD that it has obtained all such approvals.

3.06 Survey Updates. The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD, reflecting improvements made to the Property.

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

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

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

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$15,409,527, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources.

Equity (subject to <u>Sections 4 03(b)</u> and <u>4 06</u>)	\$12,209,527
Estimated City Funds (subject to <u>Section 4 03</u>)	<u>\$ 3,200,000</u>
ESTIMATED TOTAL	\$15,409,527

4.02 Developer Funds. Project costs were paid out of Equity, including but not limited to Redevelopment Project Costs and costs of TIF-Funded Improvements.

4.03 City Funds.

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

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to reimburse the Developer for the costs of the TIF-Funded Improvements from Available Incremental Taxes deposited in the Chatham Ridge TIF Fund (the "City Funds"); provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed the lesser of Three Million Two Hundred Thousand Dollars (\$3,200,000) or 20.8 percent of the actual total Project costs; and provided further, that the City Funds shall be available to pay costs related to TIF-Funded Improvements only so long as:

- (i) The amount of the Available Incremental Taxes deposited into the Chatham Ridge TIF Fund shall be sufficient to pay for such costs; and
- (ii) The Developer has delivered a Requisition Form to the City as provided in this Agreement; and
- (iii) No Event of Default, or condition or event that with notice or the passage of time or both, would constitute an Event of Default has occurred and has not been cured.

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

4.04 Requisition Form. On or prior to each October 1 (or such other date as the parties may agree to), beginning in 1998 and continuing throughout the earlier of (i) the Term of the

Agreement or (ii) the date that the Developer has been reimbursed in full under this Agreement. the Developer shall provide DPD with a Requisition Form, in the form attached hereto as Exhibit F, along with the documentation described therein. Requisition for reimbursement of TIF-Funded Improvements shall be made not more than one time per year (or as otherwise permitted by DPD).

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

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

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

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

4.07 Job Training. The City intends to establish a work readiness job training program (the "Jobs Readiness Program") in order to help prepare individuals to work for businesses located within the Redevelopment Area. The general terms and goals of the Jobs Readiness Program are described on Exhibit J attached hereto, which may from time to time be further modified, refined and supplemented to provide a more detailed basis for implementation. The City and the Developer hereby agree that the City may, in its sole discretion, use Incremental Taxes (including Available Incremental Taxes) in the Chatham Ridge TIF Fund to fund such program; provided, that the amount of Available Incremental Taxes used by the City for such purpose may not exceed \$25,000 annually. The City and the Developer further agree that any such funds may be used by the City for such purpose prior to the disbursement of City Funds to the Developer in such year to reimburse the Developer hereunder for TIF-Funded Improvements. The parties hereby agree that, until the Developer has been fully reimbursed under this Agreement for the costs of TIF-Funded Improvements, at no time shall the amount

of Available Incremental Taxes used by the City for the Jobs Readiness Program exceed One Hundred Thousand Dollars (\$100,000).

In connection with the Jobs Readiness Program, the City contemplates entering into contracts with delegate agencies and other third-party service providers to provide services relating to the Jobs Readiness Program. The City may enter into new contracts with certain entities or it may amend existing contracts with entities to expand the scope of the work to cover services to be provided in connection with the Jobs Readiness Program. Payments by the City under such contracts may come from Available Incremental Taxes pursuant to this Section 4.07.

4.08 Applicable Base EAV. As soon as the information has become available to the City, the City shall deliver to the Developer a certificate stating the equalized assessed valuation of the Property as of January 1, 1997 (the "Applicable Base EAV") (which shall be reflected on the tax bills for the final installment of 1997 property taxes for such Property expected to be delivered on or about July, 1998 as determined pursuant to the Act. The Developer shall have ten (10) days from the delivery of such certificate to question, in writing, the equalized assessed valuation set forth therein, and failure by the Developer to respond within such time frame shall be deemed an approval of such certificate. If there is any dispute regarding the valuation set forth in such certificate, the parties shall consult with the Assessor's Office of Cook County to resolve such dispute.

SECTION 5. CONDITIONS PRECEDENT

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

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

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

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

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City that the Developer has Equity in the amounts set forth in Section 4.01 to complete the Project and satisfy its obligations under this Agreement.

5.05 Acquisition and Title. The Developer shall furnish the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the

named insured (together with a certified copy of the land trust agreement if applicable showing the Developer as the beneficiary). The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit G hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

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

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

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

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

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

5.09 Opinion of the Developer's Counsel. On the Closing Date, the Developer shall furnish the City with an opinion of counsel, substantially in the form attached hereto as Exhibit K, with such changes as may be required by or acceptable to Corporation Counsel.

5.10 Evidence of Prior Expenditures. Not less than twenty (20) business days prior to the Closing Date, the Developer shall have provided evidence satisfactory to DPD in its sole

discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof

5.11 Financial Statements. Not less than thirty (30) days prior to the Closing Date, the Developer shall have provided Financial Statements to DPD for its 1996 fiscal year, and audited or unaudited interim financial statements.

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

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

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

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

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

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

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

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

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

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

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

The Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in this Agreement.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. (a) Prior to entering into an agreement with a General Contractor or any subcontractor for construction of the Project, the Developer solicited, or caused the General Contractor to solicit, bids from qualified contractors eligible to do business with, and having an office located in, the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. (i) For the TIF-Funded Improvements, the Developer selected the General Contractor (or caused the General Contractor to select the subcontractor) submitting the lowest responsible bid and capable of completing the Project in a timely manner. If the Developer selected a General Contractor (or if the General Contractor selected any subcontractor) submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. (ii) For Project work other than the TIF-Funded Improvements, if the Developer selected a General Contractor (or if the General Contractor selected any subcontractor) who did not submitted the lowest responsible bid, the difference between the lowest responsible bid and the higher bid selected shall be subtracted from the actual total Project costs for purposes of the calculation of the amount of City Funds to be contributed to the Project pursuant to Section 4.03(b) hereof. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD not less than five (5) business days prior to the Closing Date.

(b) If, prior to entering into an agreement with a General Contractor for construction of the Project, the Developer did not solicit bids pursuant to Section 6.01(a) hereof, then the fee of the General Contractor proposed to be paid out of City Funds shall be limited to ten percent (10%) of the total amount of the Construction Contract.

6.02 Construction Contract. Prior to the Closing Date, the Developer 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, together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. The Developer required the General Contractor to be bonded for its performance and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent.

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

6.05 Local Contractors and Vendors. The Developer used its best efforts to ensure that all contracts entered into in connection with the TIF-Funded Improvements for work done, services provided or materials supplied were let (by the Developer, the General Contractor or any subcontractor) to persons or entities whose main office and place of business is located within the City of Chicago.

6.06 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor contained provisions required pursuant to Section 8.09 (Prevailing Wage), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof.

SECTION 7. COMPLETION OF PROJECT

7.01 Certificate of Completion. Upon completion of the construction of the Project and related redevelopment activities constituting the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. DPD shall respond to the Developer's written request for a Certificate within thirty (30) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures. DPD shall respond to any such further written request by the Developer for a Certificate within thirty (30) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to

this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction of the Project and related redevelopment activities constituting the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a 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 and Exhibit L as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.03 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of the Agreement, then the City shall have, but shall not be limited to, the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto.

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

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

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

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

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

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

(d) unless otherwise permitted pursuant to the terms of this Agreement, the Developer shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property free and clear of all liens (except for the Permitted Liens);

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

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

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

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

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

(j) prior to the issuance of a Certificate, the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) save and except as expressly permitted in Section 18.20 hereof sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into

any transaction that would cause a material and detrimental change to the Developer's financial condition: and

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

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

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

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

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

8.06 Job Creation and Retention: Covenant to Remain in the City. Not less than one hundred fifty-three (153) jobs shall be created by the Developer at the Project within six months of the completion thereof; and not less than twenty-six (26) additional jobs shall be created by the Developer within two (2) years of completion of the Project, for a total of one hundred seventy-nine (179) jobs to be created by the Developer and such jobs shall be retained at the Facility through the Term of the Agreement. The Developer hereby covenants and agrees to maintain its operations within the City of Chicago through December , 2009; provided, that if at any time any portion of the Facility is vacant, the Developer shall have one year from the date such vacancy level occurs to locate a tenant who will occupy and operate the Facility such that

the entire Facility will be occupied and operated; provided, further, that only a tenant who is occupying and operating the Facility pursuant to a lease which provides for a minimum lease term of one year shall be considered in calculating whether the occupancy threshold is met. In the event that any portion of the Facility remains vacant or non-operational for over one year, then the City may suspend reimbursement of Available Incremental Taxes to the Developer hereunder beginning at the end of such one-year period and until such time as the Facility is fully occupied and operating. The Developer shall notify the City in writing of the date on which any portion of the Facility is vacant, and such one-year period shall begin to run on a date agreed to by DPD. The Developer hereby agrees that, without the prior written consent of DPD, the Facility shall not be subdivided. The City may also suspend reimbursement of City Funds if any of the following events occur: (i) the sale by Developer of the Property or a transfer of any interest of the Developer in the Property or the Facility; (ii) the destruction of the Facility such that the Facility can no longer be used as contemplated by this Agreement, if the Facility is not rebuilt by the Developer within a period of time, not to exceed the original construction period; (iii) upon the condemnation of the Property or the Facility if, pursuant to such condemnation, the Property or the Facility is rendered unusable; or (iv) the number of jobs retained by the Developer at the Facility decreases below the level set forth above and remains below that level for a period of six consecutive months. The covenants set forth in this Section shall run with the land and the improvements thereon and be binding upon any transferee of the Developer.

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

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

8.09 Prevailing Wage. The Developer covenants that it has paid, and has obligated and caused the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. Upon the City's request, the Developer shall provide the City with copies of all contracts entered into by the Developer or the General Contractor, or shall provide other documentation acceptable to DPD, to evidence compliance with this Section 8.09.

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

8.11 Conflict of Interest. The Developer represents and warrants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City, owns or controls (or has owned or controlled) any interest, or represents any person, as agent or otherwise, who owns or controls any interest, direct or indirect, in the Developer's business or the property described in Exhibit B hereto; nor shall any such member, official, employee or consultant participate in any decision relating to the Developer's business which affects his or her interests or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested.

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

8.13 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the Developer's fiscal year ended December 31, 1996 and each year thereafter for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

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

8.15 Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question. The Developer shall have the right, before any delinquency occurs, (i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify, or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or (ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested

Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

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

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

8.19 Conditional Provisions. The covenants set forth in Exhibit L hereto, in their entirety or selectively, will become effective at the sole option of the City and upon the City's receipt of an opinion from nationally recognized bond counsel that the effectiveness of those provisions will not adversely affect the tax-exempt status of the Other Bonds or the TIF Bonds. In the event that the City exercises its option to make any covenant(s) in Exhibit L effective, it shall so notify the Developer in accordance with Section 17 hereof.

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

8.21 Job Training. The Developer hereby agrees to use its best efforts to participate in any job training program established by the City pursuant to Section 4.07 hereof.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

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

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

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

(a) No Employer shall discriminate against any employee or applicant for employment on the basis of race, color, sex, age, religion, mental or physical disability, national origin, ancestry, sexual orientation, marital status, parental status, military discharge status or source of income, as defined in the City of Chicago Human Rights Ordinance adopted December 21, 1988, Municipal Code of Chicago, ch. 2-160, Section 2-160-010 et seq., as amended from time to time (the "Human Rights Ordinance"). Each Employer will take affirmative action to insure that applicants are employed and employees are treated during employment without regard to their race, color, religion, sex, national origin, ancestry, age, mental or physical disability, sexual orientation, marital status, parental status, military discharge status or source of income. Such action shall include, but not be limited to the following: 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 status, parental status or source of income.

(b) To the greatest extent reasonably feasible, each Employer is required to present opportunities for training and employment of low and moderate income residents of the City;

and to provide that contracts for work performed in connection with the construction of the Project be awarded to business concerns which are located in, or owned in substantial part, by persons residing in the City.

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

(d) The Developer, 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) The Developer and 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 such provision shall be binding upon each contractor or 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 Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate the other Employers, 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 of Chicago specified in Section 3-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the construction of the Project shall be performed by actual residents of the City of Chicago); provided, however, that in addition to complying with this percentage, the Developer and the other Employers shall be required to make good faith efforts to utilize qualified residents of the City of Chicago in both skilled and unskilled labor positions.

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

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

The Developer and the other Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Developer and the other Employers 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 company hired the employee should be written in after the employee's name.

The Developer and the other Employers shall provide full access to their employment records to the Purchasing Agent, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof. The Developer and the other Employers 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 as evidenced by the (final) Certificate.

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

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

When work at the Project is completed, in the event that the City has determined that the Developer and the other Employers failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or has 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 Chicago to the degree stipulated in this Section. Therefore, in such case of non-compliance it is agreed that 1/20 of 1 percent (.05%), 0.0005, of the aggregate hard construction costs set forth in the Budget (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer and/or the other Employers 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 not Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer and/or the other Employers or employee to prosecution. Any retainage to cover contract performance that may become due to the Developer and the other Employers pursuant to Section 2-92-250 of the

Municipal Code of Chicago may be withheld by the City pending the Purchasing Agent's determination whether the Developer and the other Employers must surrender damages as provided in this paragraph.

Nothing herein provided shall be construed to be a limitation upon the "Notice of 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.

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

10.03 Developer's MBE\WBE Commitment. The Developer agrees for itself and its successors and assigns, and shall contractually obligate the other Employers to agree, that during the construction of the Project:

- (a) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of construction of the Project, at least the following percentages of the aggregate construction costs (as set forth in the construction budget shown on Exhibit H-1 hereto, less amounts paid for acquisition of the Property) shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"):
 - a. at least 25% by MBEs;
 - b. at least 5% by WBEs.
- (b) For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer pursuant to this Agreement) shall be deemed a "Contractor" and this Agreement (and any contract let pursuant thereto) shall be deemed a "Contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago.
- (c) Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part, by the Developer utilizing a MBE or a WBE as a contractor, by subcontracting or causing a contractor to subcontract a portion of the work to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's

MBE/WBE commitment as described in this Section 10.03. The Developer or a contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code of Chicago for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.

- (d) The Developer shall deliver quarterly reports to DPD describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by the Developer or a contractors to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DPD in determining the Developer's compliance with this MBE/WBE commitment. DPD shall have access to the Developer's books and records, including, without limitation, payroll records and tax returns, in accordance with Section 17 of this Agreement on five (5) days' notice, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation.
- (e) The City shall have the right to terminate this Agreement upon the disqualification of a contractor as a MBE or WBE, if the contractor's status as a MBE or WBE was a factor in the approval of the Developer, and such status was misrepresented by the contractor or the Developer. In addition, the City shall have the right to terminate this Agreement upon the disqualification of any MBE or WBE subcontractor or supplier of goods or services if the subcontractor's status as a MBE or WBE was a factor in the approval of the Developer, and such status was misrepresented by the contractor or the Developer. In the event that the Developer is determined not to have been involved in any misrepresentation of the status of the disqualified contractor, subcontractor or supplier, the City, at its option, may choose to not terminate this Agreement; provided, however, the Developer shall be obligated to discharge or cause to be discharged the disqualified contractor or subcontractor or to terminate any contract or business with the disqualified supplier, and, if possible, identify a qualified MBE or WBE as a replacement. For purposes of this paragraph (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.
- (f) Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

SECTION 11. ENVIRONMENTAL MATTERS

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

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

SECTION 12. INSURANCE

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

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

- (i) Workers' Compensation and Occupational Disease Insurance

Workers' Compensation and Occupational Disease Insurance, in accordance with the laws of the State of Illinois or any other applicable

jurisdiction, covering all employees who are to provide a service under or in connection with this Agreement, and employer's liability coverage, with limits of not less than \$100,000.00 for each accident or illness.

(ii) Commercial Liability Insurance (Primary and Umbrella)

Commercial Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, combined single limit, for bodily injury, personal injury and property damage liability. Coverage extensions shall include the following: all premises and operations, products/ completed operations, independent contractors, cross liability, personal injury with no exclusion pertaining to employment and contractual obligations, and contractual liability (with no limitation endorsement). The City of Chicago, its employees, elected officials, agents and representatives are to be named as additional insureds on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Agreement.

(b) Construction: The following kinds and amounts of insurance were maintained during the construction of the Project:

(i) Workers' Compensation and Occupational Disease Insurance

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

(ii) Commercial Liability Insurance (Primary and Umbrella)

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

(iii) Automobile Liability Insurance

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

(iv) All Risk Builders Risk Insurance

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

(v) Professional Liability

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

(vi) Valuable Papers Insurance

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

(vii) Contractors' Pollution Liability Insurance

Relating to any environmental remediation work undertaken by the Developer, the General Contractor or any subcontractor in connection with this Agreement, Contractors' Pollution Liability Insurance with limits

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

(c) Other Provisions

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

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

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

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

(ii) Receipt by the Developer of policies or certificates: The Developer shall advise all insurers of the insurance requirements set forth in this Agreement, and the receipt by the Developer of policies or certificates that do not conform to these requirements shall not relieve the Developer of its obligation to provide the insurance as set forth in this Agreement or required by law. Failure to comply

with the insurance provisions of this Agreement constitutes an Event of Default hereunder, and the City is entitled to exercise all remedies with respect thereto. The Developer expressly understands and agrees that any coverages and limits furnished by Developer shall in no way limit the Developer's liability and responsibilities specified within this Agreement or as required by law.

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

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

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

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

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

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

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

SECTION 13. INDEMNIFICATION

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

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

14.02 Inspection Rights. Any authorized representative of the City shall have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 15. DEFAULT AND REMEDIES

15 01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15 03, shall constitute an "Event of Default" by the Developer hereunder:

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

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

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

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

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that such the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within thirty (30) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within thirty (30) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for thirty (30) days after such entry without a stay of enforcement or execution;

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

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

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

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

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, secure injunctive relief or the specific performance of the agreements contained herein.

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

SECTION 16. MORTGAGING OF THE PROJECT

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

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

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

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

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

SECTION 17. NOTICE

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

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

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

If to the Developer: Home Depot U.S.A., Inc.
2455 Paces Ferry Road NW
Atlanta, GA 30339-4024
Attn: Senior Real Estate Counsel
Fax No. (770) 433-2739
Telephone No. (770) 433-8211

With Copies To: Altman, Kritzer & Levick, Ltd.
1101 Perimeter Road, Suite 700
Schaumburg, IL 60173
Attn: G.F. Allen, Esq.
Fax No. (847) 240-0344
Telephone No. (847) 240-0340

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

SECTION 18. MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. Notice of such delay for any such reason shall be given by the party seeking to excuse the performance by virtue thereof to the other party within twenty (20) days of commencement of such delay, and excuse from performance of obligations shall be limited to the actual number of days involved in such delay.

18.18 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the

Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the reimbursement obligations of the City set forth herein.

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

18.20 Permitted Transfer. The parties agree that the Developer may, in its discretion, enter into a "sale leaseback" transaction with respect to the Property in which the Developer shall convey fee simple title to the Property under the "sale leaseback" transaction and enter into an operating lease with respect to the Property substantially in the form attached hereto as Exhibit N (the "Operating Lease"). The terms of the Operating Lease may not be amended without the prior written consent of the City which shall not be unreasonably withheld. The City's approval of the Operating Lease shall not be deemed a waiver or limitation of any of the provisions of this Agreement. Notwithstanding anything herein to the contrary, the parties agree that the Developer may have entered into such "sale leaseback" transaction prior to the Closing Date.

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

ATTEST:

By: Marybeth Lamoree
Its: Marybeth Lamoree

HOME DÉPOT U.S.A., INC.

By: Kathryn E. Lee
Kathryn E. Lee
Senior Corporate Counsel/Real Estate
Its: 10/15/98

CITY OF CHICAGO

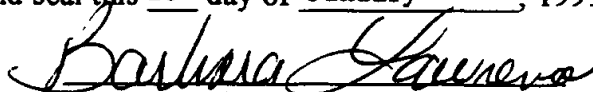
By: [Signature]
Commissioner, Department of Planning and Development

MSL28 homedepo/homedepo.5

STATE OF GEORGIA)) SS
COUNTY OF COBB)

On the 28th day of January, 1999, before me personally came Bathryn E. Lee and Mary Beth Lamoree known to me to be the persons whose name are subscribed to the foregoing instrument and known by me to be authorized signatories for HOME DEPOT U.S.A., INC., a Delaware corporation, the corporation described in and which executed the foregoing instrument, and acknowledged to me that: the instrument was executed for the purposes and consideration therein expressed as the act of the corporation, the seal was affixed, and the instrument was signed by the authorized signatories, all by order of the Board of Directors of said corporation.

Given under my hand and seal this 28 day of January, 1999.


Notary Public

Notary Public, Fulton County, Georgia
My Commission Expires July 11, 2000

My Commission Expires: _____

LEGAL DESCRIPTION OF REDEVELOPMENT AREA

PARCEL I

THAT PART OF THE SOUTH 35.00 ACRES (EXCEPT THE EAST 304 FEET AS MEASURED AT RIGHT ANGLES TO THE EAST LINE THEREOF) OF THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS, LYING SOUTH OF THE FOLLOWING DESCRIBED LINE:

COMMENCING AT A POINT IN THE EAST LINE OF THE AFORESAID SOUTH EAST 1/4 THAT IS 629.10 FEET NORTH OF THE SOUTH EAST CORNER OF THE AFORESAID SECTION 33; THENCE WEST IN A LINE PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTH EAST 1/4 (BEING THE NORTH LINE OF THE SOUTH 300 FEET OF THE NORTH 25.00 ACRES OF THE SAID SOUTH 35 ACRES) TO A POINT THAT IS 450.00 FEET EAST OF THE WEST LINE OF THE AFORESAID EAST HALF OF THE SOUTH EAST 1/4; THENCE NORTH ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE A DISTANCE OF 51.5 FEET; THENCE WEST ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE AND PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTH EAST 1/4 A DISTANCE OF 450.00 FEET MORE OR LESS TO THE WEST LINE OF THE EAST 1/2 OF THE SOUTHEAST QUARTER OF SAID SECTION 33, INCLUDING THAT PART FALLING IN WEST 87TH STREET.

PARCEL II

THAT PART OF THE NORTHEAST QUARTER AND THE EAST 1/2 OF THE NORTHWEST 1/4 OF SECTION 4, TOWNSHIP 37 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS LYING NORTHERLY OF THE SOUTHERLY LINE, AND SAID SOUTHERLY LINE EXTENDED, OF WEST 87TH STREET, WEST OF A LINE 304 FEET (MEASURED AT RIGHT ANGLES THERETO) WEST OF THE EAST LINE OF SAID NORTHEAST 1/4 SECTION AND EAST OF THE WEST LINE OF PARNELL AVENUE.

PARCEL III

THAT PART OF THE WEST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS LYING SOUTH OF THE SOUTH LINE, AND SAID SOUTH LINE EXTENDED WEST, OF LOTS 4 AND 14 IN SEYMOUR ESTATE SUBDIVISION (A SUBDIVISION OF THE WEST 1/2 OF THE SAID SOUTHEAST QUARTER) AND INCLUDING 87TH STREET AND HOLLAND ROAD FALLING WITHIN, EXCEPTING THEREFROM THAT PORTION OF THE ABOVE DESCRIBED LAND LYING SOUTH AND ADJOINING LOTS 4 AND 14 IN SAID SEYMOUR ESTATE SUBDIVISION BOUNDED AS FOLLOWS: COMMENCING ON A POINT ON THE CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY, WHICH POINT IS ALSO ON

THE SOUTHERLY LINE OF SAID LOT 4, EXTENDED WESTERLY THENCE
EASTERLY ALONG SAID EXTENDED LINE AND THE SOUTHERLY LINES
OF SAID LOTS 4 AND 14, 815 FEET, MORE OR LESS; THENCE SOUTHERLY
AT RIGHT ANGLES TO THE LAST DESCRIBED LINE 125 FEET, MORE
OR LESS; THENCE WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY
LINE OF SAID LOTS 4 AND 14, A DISTANCE OF 500 FEET; THENCE
SOUTHERLY ON A LINE AT RIGHT ANGLES TO THE LAST DESCRIBED
LINE, A DISTANCE OF 625.00 FEET; THENCE WESTERLY ON A LINE
PARALLEL TO THE SOUTHERLY LINE OF SAID LOTS 4 AND 14, 312.50
FEET MORE OR LESS TO A POINT ON THE EASTERLY BOUNDARY LINE
OF THE C&W.I. RAILROAD RIGHT-OF-WAY; THENCE NORTHWESTERLY
ALONG SAID LINE UNTIL INTERSECTING WITH THE LINE OF THE
CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY;
THENCE NORTHERLY UNTIL REACHING THE POINT OF BEGINNING.

PARCEL IV

THAT PART OF THE EAST 1/2 OF THE WEST 1/2 OF SECTION 33,
TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL
MERIDIAN IN COOK COUNTY, ILLINOIS LYING SOUTHWESTERLY OF
THE NORTHERLY LINE OF 83RD STREET, AND SAID NORTHERLY LINE
EXTENDED NORTHWESTERLY TO THE WESTERLY LINE OF VINCENNES
AVENUE AND SOUTHEASTERLY OF THE WESTERLY LINE OF VINCENNES
AVENUE, (EXCEPTING THEREOF THOSE PARTS FALLING IN BLOCKS
1 AND 3 OF WILLIAM O. COLES'S SOUTH ENGLEWOOD PARK SUBDIVISION,
A SUBDIVISION OF THAT PART OF SOUTH ENGLEWOOD KNOWN ON THE
ORIGINAL PLAT AS STEVEN A. NEWMAN'S PRIVATE GROUNDS IN THE
EAST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION RECORDED
SEPTEMBER 11, 1873, BOOK 5, PAGE 99 AND BLOCK 17 OF THE PLAT
OF PART OF SOUTH ENGLEWOOD, A SUBDIVISION OF THAT PORTION
OF SAID SECTION, WHICH LIES WEST AND SOUTHWEST OF HOLLAND
SETTLEMENT ROAD AND SOUTH AND SOUTHEAST OF VINCENNES AVENUE
AND EAST OF THE CENTER LINE OF THE C.R.I. & P.R.R. RECORDED
JANUARY 16, 1873, BOOK 3, PAGE 80, AND THOSE PARTS OF 85TH
STREET, 86TH STREET AND 87TH STREET WHICH LIE WEST OF THE
WEST LINE, AND SAID WEST LINE EXTENDED, OF PARNELL AVENUE),
INCLUDING THOSE PARTS FALLING IN 83RD STREET, 84TH STREET,
87TH STREET AND VINCENNES AVENUE, AND INCLUDING ALL THOSE
OTHER STREETS AND ALLEYS, DEDICATED OR OTHERWISE, FALLING
WITHIN SAID LAND OR WHICH MAY REVERT TO THE PUBLIC IN THE
FUTURE; BUT EXCEPTING THEREFROM THE PARCEL OF LAND BOUNDED
AS FOLLOWS: BY THE EASTERLY BOUNDARY LINE OF THE C&W.I.
RAILROAD RIGHT-OF-WAY, THE NORTHERLY LINE OF SOUTH VINCENNES
AVENUE, THE NORTHERLY LINE OF WEST 83RD STREET AND THE
WESTERLY LINE OF SOUTH STEWART AVENUE, (CONSISTING OF
APPROXIMATELY 8.2206 ACRES, MORE OR LESS).

EXHIBIT B
Legal Description

Parcel 1:

That part of the South East 1/4 of Section 33, Township 38 North, Range 14, East of the Third Principal meridian, described as follows

Commencing at the point of intersection of a line drawn 40.00 feet Northeasterly of and parallel with the Northeasterly line of South Holland Road as dedicated per Document Number 5305089 with a line drawn 838 00 feet (measured perpendicularly) West of and parallel with the North and South center line of the South East 1/4 of Section 33 aforesaid; thence North along the last described parallel line 555 78 feet to a point 415.00 feet South of the East and West center line of said South East 1/4 of Section 33 aforesaid, thence Northeasterly 280 548 feet along the arc of a circle of 553.69 feet radius, convey to the Northwest, and whose chord bears North 41 degrees 17 minutes, 46 seconds East; thence Southwesterly 176 104 feet along the arc of a circle of 273.04 feet radius, convex to the Northwest and whose chord bears South 24 degrees, 24 minutes, 08 seconds West, thence South 5 degrees, 55 minutes, 30 seconds West, 195 44 feet along a line tangent to the last described arc to a point on a line 746.50 feet West of and parallel with the North and South center line of the South East 1/4 of Section 33 aforesaid; thence South along said parallel line 681.783 feet; thence North 10 degrees, 39 minutes, 13 seconds West, 83 767 feet to a point on a line 40 feet Northeasterly of and parallel with the Northeasterly line of South Holland Road aforesaid; thence North 22 degrees 06 minutes 16 seconds West along said parallel line 202 feet to the point of beginning in Cook County, Illinois

Excepting therefrom the following described parcel

That part of the South East 1/4 of Section 33, Township 38 North, Range 14, East of the Third Principal Meridian, described as follows

Commencing at the point of intersection of a line drawn 40.00 feet northeasterly of and parallel with the Northeasterly line of South Holland Road as dedicated per Document 5305089 (now vacated) with a line drawn 838 00 feet (measured perpendicularly) West of and parallel with the East line of the West 1/2 of the Southeast 1/4 of said Section 33, said point of intersection being the Southwest corner of tract of land described in Lease Agreement as Document 19597865; thence North 109 873 feet, along the last described parallel line, being the West line of the aforesaid tract of land, to the point of beginning of the herein described parcel of land, thence continuing North, along said West lint, 445.907 feet to the Northwest corner of said tract of land, thence Northeasterly 280.548 feet along the Northwesterly line of the aforesaid tract of land being the arc of a circle of 553.69 feet radius, convex Northwesterly and whose chord bears North 41 degrees, 17 minutes, 46 seconds East, to the most Northerly corner of said tract of land, thence along the following courses being the Easterly line of said tract of land, Southwesterly 176 104 feet along the arc of a circle of 273.04 feet radius, convex Westerly and whose chord bears South 24 degrees, 24 minutes, 08 seconds West; thence South 5 degrees 55 minutes, 30 seconds West, 195 44 feet along a line tangent to said arc, to a line drawn 746 50 feet (measured perpendicularly) West of and parallel with the East line of the West 1/2 of the South East 1/4 of said Section 33, thence South along said parallel line 85.912 feet; thence Southwesterly 94 444 feet along a line drawn 10 00 feet Southeasterly of and concentric with the

center line of a railroad track as now constructed and occupied said concentric line being the arc of a circle of 396.37 feet radius, convex Southeasterly and whose chord bears South 26 degrees 34 minutes 54.5 seconds West to a point of a reverse curve thence continuing Southwesterly 142.38 feet along said reverse curve, being a line drawn 10.00 feet Southeasterly of and centric with the center line of said railroad track and an arc of a circle of 314.94 feet radius, convex Northwesterly and whose chord bears South 20 degrees, 27 minutes 23 seconds West to the hereinabove designated point of beginning, all in Cook County, Illinois

PARCEL 2

An irregular parcel of land in the West 1/2 of the South East 1/4 of Section 33, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois, and the North 34 feet of the West 1/2 of the Northeast 1/4 of Section 4, Township 37 North, Range 14, East of the Third Principal Meridian, bounded and described as follows

Beginning at the point of intersection of a line 598 feet West of and parallel to the East line of the West 1/2 of the aforesaid South East 1/4 and the North line of West 87TH Street being the South line of the North 34 feet of the West 1/2 of said Northeast 1/4 which point of beginning is the Southwest corner of property conveyed by Quit Claim Deed dated January 10, 1972 and filed for record in the Office of Recorder of Deeds, Cook County, Illinois as Document 21771484; thence North along said parallel line a distance of 771.94 feet; thence West at a right angle 40 feet; thence North along a line which is 638 feet West of a parallel to the East line of the aforesaid West 1/2 of the Southeast 1/4 a distance of 371.09 feet, thence Southwesterly along a curved line convex Northwest having a radius of 248.04 feet to a point of tangent which is 1,008.83 feet North of the North line of 87TH Street at a point on a line which is 701.46 feet West of and parallel to the East line of the aforesaid West 1/2 of the South East 1/4, thence South 5 degrees, 55 minutes, 30 seconds West a distance of 195.30 feet, more or less to the point of intersection of a line which is 721.62 feet West of and parallel to the East line of the aforesaid West 1/2 of the South East 1/4 and a line which is 814.57 feet North of and parallel to the North line of 87TH Street; thence South along said parallel line which is 721.62 feet West of the East line of the aforesaid West 1/2 of the South East 1/4, 80 feet, thence West at a right angle 24.88 feet, more or less to a point on a line which is 746.50 feet West of and parallel to the East line of the aforesaid West 1/2 of the South East 1/4, thence South on a line 746.50 feet West of and parallel to the East line of the aforesaid West 1/2 of the South East 1/4 to the Southeast corner of parcel of land conveyed by Quit Claim Deed dated September 21, 1965 and filed for record in the Office of Recorder of Deeds, Cook County, Illinois on September 24, 1965 as Document 19597865 thence Southeasterly in a straight line to a point on the North line of West 87TH Street; thence Easterly along the North line of West 87TH Street 123.33 feet to the point of beginning, in Cook County, Illinois.

PARCEL 3

An irregular parcel of land in the West 1/2 of the South East 1/4 of Section 33, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois, and in that part of the West 1/2 of the Northeast 1/4 of Section 4 in Township 37 North, in said range and County, lying North of the North line of West 87TH Street bounded and described as follows:

Beginning at the point of intersection of a line 428 feet West of and parallel to the East line of the West 1/2 of the aforesaid South East 1/4 as extended South and the North line of West 87TH Street; thence

North along the extension of and said parallel line, a distance of 974.09 feet; thence Northeasterly on a curve convex to the Northwest having a radius of 468.34 feet tangent to last described course an arc distance of 311.71 feet to a point of curve; thence North 38 degrees, 8 minutes, 2 seconds East a distance of 121.92 feet; thence South 62 degrees, 15 minutes, 42 seconds West a distance of 418.31 feet, more or less to intersection with a line which is 623 feet West of and parallel to the aforesaid East line of the West 1/2 of the South East 1/4 thence West at right angle to said parallel line 4.38 feet; thence South 24 degrees, 24 minutes, 8 seconds West a distance of 25.71 feet to intersection with a line which is 638 feet West of and parallel to the aforesaid East line of the West 1/2 of the South East 1/4 thence South along said parallel line 371.09 feet; thence East at a right angle 40 feet, thence South on a line 598 feet West of and parallel to the East line and said East line extended South of the West 1/2 of the South East 1/4 a distance of 771.94 feet to intersection with the North line of West 87TH Street; thence Easterly along the North line of West 87th Street 170.01 feet, to the point of beginning, in cook County, Illinois,

Excepting therefrom the following described parcel:

A parcel of land in the West 1/2 of the South East 1/4 of Section 33, Township 38 North, Range 14, East of the Third Principal Meridian, and in part of the West 1/2 of the Northeast 1/4 of Section 4 Township 37 North, Range aforesaid, lying North of the North line of West 87th Street bounded and described as follows:

Beginning at the point of intersection of a line 428.00 feet West of and parallel with the East line of the West 1/2 of the aforesaid South East 1/4 extended South with the North line of West 87th Street; thence North along said parallel line and its extension, a distance of 604.49 feet; thence Westerly along a line parallel with said North line of West 87th Street, a distance of 117.50 feet to a point on a line which is 545.49 feet West of and parallel with the aforesaid East line of the West 1/2 of the South East 1/4; thence South along a line 545.49 feet West of and parallel with the aforesaid East line and said East line extended South of the West 1/2 of the South East 1/4 a distance of 604.49 feet to the point of intersection with the North line of West 87th Street aforesaid, said point of intersection being 117.50 feet West (as measured along said North line of West 87th Street) of the point of beginning of the aforesaid described parcel, thence East along said North line of West 87th Street a distance of 117.50 feet to the point of beginning, in Cook County, Illinois.

PARCEL 4

A parcel of land in the West 1/2 of the South East 1/4 of Section 33, Township 38 North, Range 14, East of the Third Principal Meridian, and in part of the West 1/2 of the Northeast 1/4 of Section 4 Township 37 North, Range aforesaid, lying North of the North line of West 87th Street bounded and described as follows

Beginning at the point of intersection of a line 428.00 feet West of and parallel with the East line of the West 1/2 of the aforesaid South East 1/4 extended South with the North line of West 87th Street; thence North along said parallel line and its extension, a distance of 604.49 feet, thence Westerly along a line parallel with said North line of West 87th Street, a distance of 117.50 feet to a point on a line which is 545.49 feet West of and parallel with the aforesaid East line of the West 1/2 of the South East 1/4, thence South along a line 545.49 feet West of and parallel with the aforesaid East line

and said East line extended South of the West 1/2 of the South East 1/4 a distance of 604.49 feet to the point of intersection with the North line of West 87th Street aforesaid, said point of intersection being 117.50 feet West (as measured along said North line of West 87th Street) of the point of beginning of the aforesaid described parcel; thence East along said North line of West 87th Street a distance of 117.50 feet to the point of beginning, in Cook County, Illinois.

PARCEL 5:

An irregular parcel of land in the West 1/2 of the Southeast 1/4 of Section 33, Township 38 North, Range 14 East of the Third Principal Meridian, and the North 34 Feet of the West 1/2 of the Northeast 1/4 of Section 4, Township 37 North, Range 14 East of the Third Principal Meridian, bounded and described as follows:

Beginning at the Southeast corner of the West 1/2 of the Southeast 1/4 of said Section 33; thence West along the South line of the aforesaid Section 33, a distance of 2.66 feet to a point of curve on the North line of 87th Street, thence Westerly along a curved line, being the North line of 87th Street, convex Southerly, having a radius of 967.00 feet, an arc distance of 257.182 feet to a point on the North line of 87th Street, said point being 256.50 feet West of the East line of the West 1/2 of the Northeast 1/4 of aforesaid Section 4, and 34 feet South of the North line of said West 1/2 of Northeast 1/4 of said Section 4; thence South 89 degrees, 20 minutes, 48 seconds West, along the North line of 87th Street, tangent to the last described curved line, a distance of 171.528 feet to a point 428.00 feet West of the East line of the West 1/2 of the Southeast 1/4 of said Section 33, measured at right angles thereto; thence North along a line 428.00 feet West of and parallel with the said East line aforesaid, a distance of 974.09 feet, thence Northeasterly on a curved line convex Northwest, having a radius of 468.34 feet, tangent to the last described line, an arc distance of 311.71 feet; thence North 38 degrees, 08 minutes, 02 seconds East, tangent to the last described curved line, a distance of 121.92 feet, thence South 62 degrees, 15 minutes, 42 seconds West, a distance of 418.31 feet to a point on a line which is 623 feet West of and parallel with the aforesaid East line of the West 1/2 of the Southeast 1/4; thence West at right angles to said parallel line, 4.38 feet; thence South 24 degrees, 24 minutes, 08 seconds West, a distance of 25.71 feet to a point on a line 638 feet West of and parallel with the aforesaid East line of the West 1/2 of the Southeast 1/4; thence Southwesterly along a curved line convex Northwest, having a radius of 248.04 feet, an arc distance of 154.647 feet (whose chord bears South 24 degrees, 45 minutes, 27 seconds West, 152.154 feet) to a point on a line 701.46 feet West of and parallel with the aforesaid East line of the West 1/2 of the Southeast 1/4, thence South 5 degrees, 55 minutes, 30 seconds West, a distance of 192.72 feet to a point on a line 721.62 feet West of and parallel with the aforesaid East line of the West 1/2 of the Southeast 1/4; thence South along said parallel line, a distance of 80 feet; thence West at right angles to said parallel line, a distance of 24.88 feet to a point on a line 746.50 feet West of and parallel with the aforesaid East line of the West 1/2 of the Southeast 1/4, thence North along said parallel line, a distance of 81.255 feet; thence North 5 degrees, 55 minutes, 30 seconds East, a distance of 195.44 feet to a point of curve; thence Northeasterly along a curved line convex Northwesterly, having a radius of 273.04 feet, an arc distance of 176.104 feet (whose chord bears North 24 degrees 24 minutes, 08 seconds East, 173.067 feet); thence continuing Northeasterly on a curved line convex Northwesterly, having a radius of 273.04 feet, an arc distance of 92.365 feet (whose chord bears North 52 degrees, 34 minutes 17 seconds East, 91.925 feet), thence North 62 degrees, 15 minutes, 42 seconds East, tangent to the last described curved line, a distance of 314.97 feet to a point which is 7.20 feet South of the North line of the Southwest 1/4 of the Southeast 1/4 of said Section 33, and 303.04 feet West

of the East line of the West 1/2 of the Southeast 1/4 aforesaid; thence North 55 degrees, 06 minutes, 42 seconds East, a distance of 118.961 feet to a point which is 60.26 feet North of the North line of the Southwest 1/4 of the Southeast 1/4 aforesaid and 205.46 feet West of the East line of the West 1/2 of the Southeast 1/4 aforesaid; thence Northeasterly along a curved line convex Southeasterly, having a radius of 353.77 feet, an arc distance of 337.506 feet (whose chord bears North 32 degrees, 07 minutes, 57 seconds East, 324.85 feet) to a point on the North line of the South 1/4 of the Northwest 1/4 of the Southeast 1/4 of said Section 33; thence North 89 degrees, 44 minutes, 06 seconds East, along said North line, 32.68 feet to the East line of the West 1/2 of the Southeast 1/4 aforesaid; thence South along said East line, a distance of 1671.35 feet to the point of beginning, being the Southeast corner of the West 1/2 of the Southeast 1/4 of said Section 33; in Cook County, Illinois.

Parcel 6:

The following parcels are excepted from Parcel 1 through 5 shown above:

Exception A - Plitt Theatres, Inc., Parcel

That part of the West 1/2 of the Northwest 1/4 of Section 4, Township 37 North, Range 14 East of the Third Principal Meridian and part of the West 1/2 of the Southeast 1/4 of Section 33, Township 38 North, Range 14 East of the Third Principal Meridian, Cook County, Illinois described as follows:

Commencing at the Southeast corner of the West 1/2 of the Southeast 1/4 of said Section 33; thence North 00 degrees 00 minutes 00 seconds East along the East line of the West 1/2 of the Southeast quarter of Section 33, 595 49 feet for a point of beginning; thence North 84 degrees 33 minutes 35 seconds West, 364.07 feet to an angle point; thence North 61 degrees 48 minutes 55 seconds West, 38.09 feet to an angle point, thence North 90 degrees 00 minutes 00 seconds West, 367.03 feet to the Easterly line of an easement for railroad right of way recorded September 24, 1965 and Document Number 19597865, in Cook County, Illinois, said line also being a curve; thence 42.52 feet Northerly along said curve, concave Northwesterly, having a radius of 396.37 feet, a chord bearing of North 22 degrees 48 minutes 06 seconds East, and a chord distance of 42.50 feet to a point of non-tangency and being 746 50 feet West of said East line of the West half of the Southeast quarter of Section 33; thence North 01 degrees 01 minutes 05 seconds East, 4.98 feet; thence North 00 degrees 00 minutes 39 seconds West, 81.44 feet, thence North 05 degrees 55 minutes 30 seconds East, 195 44 feet to a point of curvature, thence Easterly along a tangential curve concave to the Southeast having a radius of 273 04 feet, a chord bearing of North 34 degrees 05 minutes 38 seconds East, and chord distance of 257 78 feet, thence Easterly along said curve 268 47 feet to a point of tangency; thence North 62 degrees 15 minutes 42 seconds East, 314 97 feet, thence North 55 degrees 06 minutes 42 seconds East, 118 96 feet to a point on an non-tangent curve concave to the Northwest having a radius of 353 77 feet, the chord of said curve bears North 32 degrees 07 minutes 57 seconds East a chord distance of 324 85 feet from said point, thence Northerly along said curve 337.51 feet to a point on the North line of the South 1/4 of the Northwest 1/4 of the Southeast 1/4 of said Section 33; thence North 89 degrees 44 minutes 04 seconds East along said North line, 32.68 feet to said East line of the West 1/2 of the Southeast 1/4 of said Section 33, thence South 00 degrees 00 minutes 00 seconds East along said East line, 1075 86 feet to the point of beginning

and also

Exception B: - The Pep Boys Parcel:

That part of the West 1/2 of the Northeast 1/4 of Section 4, Township 37 North, Range 14 East of the Third Principal Meridian and part of the West 1/2 of the Southeast 1/4 of Section 33, Township 38 North, Range 14 East of the Third Principal Meridian, in Cook County, Illinois described as follows: Beginning at the Southeast corner of the West 1/2 of the Southeast 1/4 of said Section 33; thence South 89 degrees 18 minutes 57 seconds West, on an assumed bearing along the South line of said Southeast 1/4 of Section 33, 2.75 feet to a point on the North line of 87th Street and a non-tangent curve concave to the North having a radius of 967.00 feet, a chord bearing of South 74 degrees 37 minutes 22 seconds West, and a chord distance of 18.41 feet; thence Westerly along said curve 18.41 feet to a point of tangency and the point of beginning; thence continuing along said curve 162.67 feet; thence North 00 degrees 00 minutes 00 seconds East, 165.66 feet; thence North 90 degrees 00 minutes 00 seconds East, 160 00 feet, thence South 00 degrees 00 minutes 00 seconds West, 137.42 feet to the point of beginning.

EXHIBIT C

TIF-FUNDED IMPROVEMENTS

<u>Line Item</u>	<u>Cost</u>
Acquisition	\$1,298,500
Demolition	450,000
Environmental Remediation	1,150,000
Site Preparation	3,000,000

In no event will the amount of City assistance pursuant to this Agreement exceed the lesser of (a) \$3,200,000 or (b) 20.8% of the actual total Project costs.

EXHIBIT D

CHATHAM RIDGE REDEVELOPMENT AREA

REDEVELOPMENT PLAN AND PROJECT

CHICAGO, ILLINOIS

OCTOBER 1986

CHATHAM RIDGE REDEVELOPMENT AREA

REDEVELOPMENT PLAN AND PROJECT

CHICAGO, ILLINOIS

OCTOBER 1986

LETTER OF TRANSMITTAL

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INTRODUCTION

The City of Chicago has a large and complex economic base. One of the greatest challenges in planning for the growth and expansion of the City's economic base is to maintain a balance between neighborhood and downtown development. Economic forces are polarizing business opportunities in suburban and downtown locations. Neighborhood business districts have fallen prey to the convenience of suburban shopping malls and the draw of specialty retail, entertainment and service opportunities downtown.

The City of Chicago has recognized the challenges of neighborhood economic development through a variety of planning and economic development policies and programs. The City is beginning the process of revitalizing Chicago's neighborhood economies. The adoption of the Chatham Ridge Redevelopment Area Redevelopment Plan and Project is a logical and consistent step toward revitalizing the economic base of the Chatham Ridge area.

Report Definitions

The Redevelopment Plan is designed to improve an underutilized area in the vicinity of 87th Street and the Dan Ryan Expressway. For the purposes of this report, two geographical areas are defined and will be referred to as follows:

Chatham Ridge Redevelopment Area ("Redevelopment Area"): An approximately 90-acre area which includes the Chatham Ridge Project Site. The Chatham Ridge Redevelopment Area is the broader neighborhood in the vicinity of the Dan Ryan Expressway and 87th Street that is in need of redevelopment (see Figure 1, page 3).

Chatham Ridge Project Site ("Project Site"): An approximately 17-acre site located in the southeast section of the Chatham Ridge Redevelopment Area (see Figure 1, page 3).

The Chatham Ridge Redevelopment Area consists of single- and multi-story manufacturing or processing buildings, vacant land, a flea market, largely underutilized railroad tracks, and a steel scrap yard. Many of the buildings are in partial use or, in some cases, have been abandoned by their previous owners and/or occupants. In addition to the impact of the unsightliness and unproductiveness of the Chatham Ridge Redevelopment Area on the surrounding neighborhood and its residents, the deteriorating condition of the Redevelopment Area is also an unproductive revenue drain for the entire City of Chicago, resulting in a loss of tax dollars. Therefore, development in the Redevelopment Area should be initiated with the Chatham Ridge Project Site in order to introduce a potentially productive parcel back into the neighborhood and, in the process, help begin the revitalization of the Chatham Ridge Redevelopment Area.

Specifically, development of the Chatham Ridge Project Site would result in an approximately 186,000-square-foot retail shopping center, consisting of a one-story multi-tenant structure, several freestanding buildings and off-street parking. The shopping center would feature both nationally and locally based tenants and would be designed to stem the flow of city shoppers to the suburbs for quality and price-conscious merchandise.

This project is extremely vital since the surrounding neighborhood lacks a desired quantity and variety of retail stores, and the project would provide incentives to motivate national businesses to locate in this area instead of the suburbs. The redevelopment of the Chatham Ridge Project Site should help to create a multiplier effect so that additional private funds will be invested in the community, advancing the redevelopment of the area, including the Chatham Ridge Redevelopment Area and perhaps even adjoining parcels, and halting what otherwise would have been a stagnant, unproductive scenario for the City of Chicago.

The Chatham Ridge Project Site currently consists primarily of a one-story building, which was once a warehouse for Johnson Products. Over the years the site has declined, falling on bad times, so that the building is now functionally and economically obsolete. The building has been marketed as an industrial or distribution facility without success. The physical condition of the building and site is deteriorated. Redevelopment to alternative uses provides a viable means of halting the present deterioration of the Chatham Ridge Project Site and stimulating economic development of the surrounding Chatham Ridge Redevelopment Area.

CHATHAM RIDGE REDEVELOPMENT AREA
AND PROJECT SITE DESCRIPTIONS

The Chatham Ridge Redevelopment Area, is generally located on the south side of the City of Chicago, County of Cook and State of Illinois, and is described as being bounded as follows:

By the south boundary line of West 87th Street; the western boundary line of South Parnell Street, the south boundary line of West 84th Street, the west boundary line of South Vincennes Avenue, the easterly line of the right-of-way for the C.& W.I. Railway line; the southern boundary of the Ryerson Steel plant facilities; the western and southern boundary lines of lands used for the Johnson Products distribution facility, and the west line of the Dan Ryan Expressway.

The Chatham Ridge Redevelopment Area is approximately 90 acres in size and is located in a predominantly nonresidential portion of the city, characterized by industrial and commercial uses. The Area with its existing land uses is shown in Figure 2 on the following page, and legally described in Appendix A.

Existing land uses in the Chatham Ridge Redevelopment Area include industrial, commercial and transportation (railroad). A portion of the Redevelopment Area is vacant. Existing development in and improvements to the Redevelopment Area include the following:

- A 200,000-square-foot industrial/warehouse building currently being used for commercial purposes.
- A steel salvage yard.
- An older, multiple-story processing/warehousing facility currently being used for commercial purposes (flea-market).
- A gasoline service station.
- A church building.
- A construction yard and storage building.
- Railroad trackage and related buildings.

The Chatham Ridge Project Site is the aggregate of approximately 17 acres. The Chatham Ridge Project Site is shown in Figure 1. It includes only those contiguous parcels of real property and improvements thereon which will be benefited substantially by the proposed redevelopment project.

The Chatham Ridge shopping center would be developed on the Chatham Ridge Project Site. The Chatham Ridge Project Site, located on the south side of the City of Chicago, County of Cook and State of Illinois, is bounded by the western line of the Dan Ryan Expressway (I-94) on the east, the south boundary line of west 87th Street on the south, the east property line of the Anthony Steel steel scrap yard on the west and the south property line of the Johnson Products manufacturing/distribution facilities on the north.

Existing land uses on the Chatham Ridge Project Site consist primarily of a one-story building, which was once a warehouse for Johnson Products, and its accompanying parking lot and rail spur.

POLICY FOUNDATION

The Redevelopment Plan for the Chatham Ridge Redevelopment Area conforms to the comprehensive plan for the development of the City of Chicago as a whole. Further, these purposes are consistent

with and are pursuant to implementation of general municipal development objectives and policies contained in plans previously stated by the City of Chicago, including the following:

1. The Comprehensive Plan of Chicago: the Improvement Plan for Business, December 1966.
2. The Comprehensive Plan of Chicago: Mid-South Development Area, September 1968.
3. Chicago Development Plan, Chicago Works Together, May 1984.

Pertinent objectives from the above three mayoral policy statements include the following (the number in parentheses following each specific pertinent objective refers to the plan from which it is excerpted):

1. Provide adequate parking and attractive settings. (1)
2. Improve business centers in older parts of the City. (1)
3. Private initiative supported by public actions will be the important component in business improvements. (1)
4. Improve business centers in conjunction with major rebuilding programs. (1)
5. Consolidate strip commercial development. (1)
6. Provide needed shops and services for Chicago residents. (1)
7. Pursue projects which would compete effectively with suburban centers. (1)
8. Give priority (of treatment) to centers which face competition from suburban centers. (1)
9. Provide more efficient and attractive commercial facilities by encouraging the consolidation of businesses into competitive, customer-oriented retail and special-service centers. (2)

10. Encourage industry to meet contemporary standards regarding parking, screening noise and air pollution. Encourage the consolidation of older industrial districts by replacing or rehabilitating deficient buildings and removing nonindustrial uses. (2)
11. Maintain residential areas of high quality and improve those which have deteriorated. Increase the supply of standard housing by rebuilding in older areas. (2)
12. An emphasis on strengthening Chicago's tax base is fundamental to virtually every City development project which seeks to maintain or expand Chicago's business community and to create job opportunities for City residents. (3)
13. Many Chicago neighborhoods that have suffered disinvestment in the past should be emphasized for new investment over those neighborhoods with extensive and solvent private investment. (3)
14. A call for balanced growth as a key to economic development means the vigorous pursuit of development opportunities in both the downtown and the neighborhoods, and across the City's economic sectors. (3)

REDEVELOPMENT PLAN GOALS AND OBJECTIVES

The purpose of the Redevelopment Plan is to stimulate growth in the form of investment in new development and reinvestment in facilities that are essential in a specific business district, as it is in the entire City. Redevelopment and conservation efforts in the Redevelopment Area would strengthen the entire City through environmental improvements and an increased tax base, and would provide additional employment opportunities. It would encourage citizens and government to work together to address and solve the problems of urban growth and development. The joint venture between

the City and the private sector for the redevelopment of the Chat-ham Ridge Redevelopment Area would receive significant support from the business community.

General Goals

- A. Improve the quality of life in Chicago by eliminating the influences of both physical and economic blight in the Redevelopment Area.
- B. Enhance the marketability of vacant and other underutilized properties by encouraging private investments which strengthen the community's economy, tax base, business environment and living environment.
- C. Develop and create an attractive blend of retail and restaurant space with related uses.
- D. Provide adequate and accessible on-site parking and good traffic flow.
- E. Provide sound economic development in the Redevelopment Area while generating needed sales and real estate tax revenues.
- F. Provide employment opportunities for minorities and women.

Redevelopment Objectives

- A. Enhance the tax base of the City of Chicago and of other taxing districts which extend to the Redevelopment Area by encouraging private investment and commercial development.
- B. Provide public improvements which include utilities, parking, public open space, sidewalks, streetscapes, etc.
- C. Eliminate blight conditions within the Redevelopment Area.
- D. Enhance the value of properties within both the Redevelopment Area and the general business district.
- E. Provide a net benefit to the City in both jobs and tax revenues.
- F. Provide needed incentives to encourage a broad range of improvements in the development of the Redevelopment Area.

CHATHAM RIDGE REDEVELOPMENT AREA ELIGIBILITY

The Tax Increment Allocation and Redevelopment Act (Act) of 1977 allows municipalities to improve eligible "blighted" or "conservation" areas in accordance with an adopted redevelopment plan. The Act defines specific criteria for determining the eligibility of an area for redevelopment.

A redevelopment project area is:

"An area designated by the municipality, which is not less in the aggregate than 1-1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as a blighted area or a conservation area, or a combination of both blighted and conservation areas."

A conservation area is defined by the Act as:

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

A blighted improved or vacant area is defined by the Act as:

"... any improved or vacant ... area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, if improved, industrial, commercial and residential buildings or improvements, because of a combination of five or more of the following factors:

age; dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land-use or layout; depreciation of physical maintenance; lack of community planning is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the tax district is impaired by, (1) a combination of two or more of the following factors: obsolete platting of the vacant land; diversity of ownership of such land; tax and special assessment delinquencies on such land; flooding on all or part of such land; deterioration of structures on site improvements in neighboring areas adjacent to the vacant land, or (2) the area immediately prior to becoming vacant qualified as a blighted improved area, or (3) the area consists of an unused quarry or unused quarries, or (4) the area consists of unused rail yards, rail tracks or railroad rights-of-way"

To determine eligibility, a field survey of the Redevelopment Area was conducted together with further research into building age, performance and condition. The discussion below presents an analysis of site and building conditions that relate to the criteria established for designating a redevelopment project area. Relevant characteristics of the improved portions of the Chatham Ridge Redevelopment Area are as follows:

- Size - The Chatham Ridge Redevelopment Area is approximately 90 acres in size, which exceeds the minimum requirement for a redevelopment project area.
- Age of buildings - The majority of the buildings in the Redevelopment Area were constructed before 1950, which exceeds the 35-year standard defined in the Act. These buildings include:

- . The industrial/warehouse/office building formerly occupied by Johnson Products.
 - . The processing/warehouse facility that is partially occupied by the Rainbow Flea Market.
 - . The Concord oil gasoline service station (part).
 - . The building structures associated with the railroad operations.
 - . The building structures associated with Anthony Steel that are identifiable.
- Deterioration - Various buildings and land areas in the Redevelopment Area exhibit different stages of deterioration. The overall pattern in the Area clearly leads to an increasing rate of disinvestment and deterioration. For example, the industrial warehouse building at Lafayette and 87th Street has some leaks in its roof that have resulted in water damage. The north side of the building is overgrown and declining from lack of use because of an abandoned rail spur. The surrounding site, which is largely vacant or used for parking, is also overgrown, poorly maintained and strewn with garbage. The Rainbow Flea Market is located in an old processing/warehouse facility that is in a severe state of disrepair. A multi-story building at the northern end of this facility exhibits dilapidated conditions such as an overall poor physical condition, broken windows, outmoded equipment and a missing roof. A large parcel of land between the Flea Market and Concord Oil is covered with garbage and other unwanted debris. Similarly, the parcel between the Church of God and Concord Oil has become partially a dumping ground.
- Obsolescence - The largest building in the Redevelopment Area, the 200,000-square-foot former Johnson Products facility is functionally and economically obsolete. The building was unsuccessfully marketed for five years as an industrial/warehouse facility. The facility fails to meet many of the criteria that manufacturing/warehouse operations require for facilities:
- . The long and narrow configuration of the building would require an inefficient U-shaped material flow.
 - . There is a lack of rail service which would be essential for a facility of this magnitude.

- . The placement of the building on the lot line at the 87th Street and Lafayette Avenue intersection inhibits ingress and egress of transportation vehicles because of tight turning radii and traffic conditions.
- . The physical condition of the interior offices does not meet present standards of design, utilization or flexibility.

Other obsolete buildings in the Area include the multi-story portion of the building that currently houses the flea market. Modern manufacturing and distribution technologies are not suited to multi-story building configurations. The railway buildings on the western side of the Redevelopment Area are largely obsolete because of greatly reduced rail traffic in the area. The HD&B Construction storage facility was originally built for residential uses. Because of deterioration caused by its present use, only a major effort could return it to this higher former use.

- Depreciation of physical maintenance - Land and buildings within the Redevelopment Area are not being properly maintained, reflecting the general underutilization of these properties. Vacant land within the Redevelopment Area serves as a local dumping ground, and is generally overgrown. The Rainbow Flea Market building has broken and boarded-up windows. The parking lot and driveway are in disrepair. The multi-story portion of the building does not have a roof, and could be a potential safety hazard. The area surrounding the 200,000-square-foot building is overgrown and littered with debris, which detracts from the desirability of the area. The facility is occupied by temporary tenants who have little incentive to maintain the facility at its proper level. Interior carpeting and finish are worn, water damage is not repaired, some washrooms are unusable and parts of the facility's physical plant are poorly maintained.
- Deleterious land uses and layout - The land-use pattern in the Redevelopment Area is inconsistent and unsightly. The salvage yard and flea market are transitional land uses that do not reflect the development potential of this area, given its high traffic volume and visibility, and is inconsistent with surrounding residential and commercial land uses. The abandoned multi-story facility, the underutilized rail tracks

and vacant land are garbage-laden, further detracting from the Area's development potential. The potential of the largest facility in the Redevelopment Area, the former Johnson Products building, is limited by its layout. In order to redevelop or reuse the building, it must be subdivided to meet the needs of the marketplace. Changing manufacturing technology and management procedures are leading a shift in demand toward smaller manufacturing facilities in the range of 50,000 square feet, not 200,000 square feet. The configuration of the building and its position on the site are deleterious to its reuse:

- . The placement of sanitary facilities, sprinkler systems and other basic building systems are designed for a single user and would be expensive to retrofit for multi-tenants.
 - . The building was originally designed to be served by both rail and truck transportation. Because the former is in disrepair from lack of use, the long and narrow configuration of the building now requires an inefficient U-shaped materials flow.
 - . Ingress and egress to the facility are inhibited by its proximity to the intersection of 87th Street and Lafayette Avenue. Trucks entering and exiting the facility must make sharp turns into and out of an enclosed delivery area.
 - . The lack of rail service restricts reuse potential.
- Lack of community planning - The Redevelopment Area and its surrounding area have developed in an inconsistent manner. The potential of the shopping center south of 87th Street is inhibited by the underutilization and deleterious land uses of the Project Site. The amalgamation of industrial, commercial and residential land uses in the vicinity of 87th and Lafayette presents an inconsistent development pattern. The lack of synergistic or related land uses inhibits the area's market potential. Conflicting use patterns, such as truck versus automobile traffic, can cause public safety hazards, as well as general inconvenience. The abandoned and underutilized rail spurs have historically hampered development in the Redevelopment Area, and encourage dumping of debris. A critical mass of complementary retail/commercial uses is necessary to revitalize the economic development potential of the Redevelopment Area.

The characteristics of the vacant land in the Redevelopment Area are also relevant to the eligibility of the Redevelopment Area as follows:

- The western portion of the Redevelopment Area consists largely of rail tracks and rail right-of-way that are unused or under-utilized.
- If the rail tracks are abandoned, the original platting of the streets and alleys will be in force (as passed by the town of Lake, November 1, 1881), which will inhibit redevelopment.
- The structures and areas surrounding the vacant land and in the Redevelopment Area are deteriorating as discussed above.
- There is diversity of ownership.

These survey results indicate that the Chatham Ridge Redevelopment Area qualifies as a blighted or conservation area under the Statutory criteria for such classifications. The Redevelopment Area has significant deficiencies in the following factors:

- Age
- Deterioration
- Obsolescence
- Depreciation of physical maintenance
- Deleterious layout and land uses
- Lack of community planning
- Obsolete platting
- Railway use and right-of-way
- Diversity of ownership of vacant land

The Chatham Ridge Redevelopment Area is clearly in need of redevelopment and is eligible for utilization of the Provisions of the Act. On the whole, the Chatham Ridge Redevelopment Area has not been subject to healthy growth and development through investment by private enterprise, and would not reasonably be anticipated

to be developed without the adoption of the Redevelopment Plan. Vacancies, abandoned buildings, obsolescence, depreciation of physical maintenance, and deleterious layout are all evidence of this situation. Lack of community planning and structural deterioration create obstacles which impede development through normal private actions. The existing facility on the Project Site has been marketed for five years without success for industrial/warehouse uses. It is functionally and economically obsolete, and reuse and redevelopment are the best strategies for utilizing the site to its full development potential.

REDEVELOPMENT PLAN

Pursuant to the foregoing goals and objectives, a coordinated Redevelopment Plan would be implemented to upgrade and revitalize the Redevelopment Area. The first phase of this plan would be to redevelop the Chatham Ridge Project Site at 87th and Lafayette for a community retail shopping center. Other development may be attracted to the Chatham Ridge Redevelopment Area once the subject shopping center is in place. Any such further development projects would have to be consistent with this Plan and the Act. Figure 3 on the following page identifies the proposed future land uses for the Redevelopment Area.

Development Strategies

The development strategy under the Redevelopment Plan is to encourage the timely development of a shopping center on the Chatham Ridge Project Site at the corner of Lafayette and 87th Street. Other parts of the Redevelopment Area will be used for commercial and residential purposes as shown in Figure 3. Future land uses and redevelopment strategies will be consistent with this Redevelopment Plan.

All existing buildings on the Chatham Ridge Project site are to be demolished and construction would proceed so that the final redevelopment would include:

- A 186,000-square-foot, one-story, multi-tenant retail mall.
- Freestanding outlot-pads to feature restaurant and other related uses.
- Off-street parking.

The City of Chicago will provide improvements related to the Chatham Ridge shopping center on the Project Site to enhance the City as a whole, to support the Chatham Ridge Redevelopment Plan, and to serve the needs of area residents and businesses. Appropriate public improvements would include at least the following:

- Site preparation
- Upgrading storm, sewer and water lines in the adjoining streets
- Installing new sidewalks
- Providing new lighting and landscaping

The cost of these improvements is estimated in the schedule, Estimated Project Development Costs, in Exhibit 1 on page 24, and will be described in a subsequent section.

The retail center would feature both nationally and locally based tenants. The store mix and marketing strategy for the center would be designed to reduce the leakage of retail expenditures from the neighborhood, as well as to complement existing retail businesses.

Relocation

In order to facilitate the development of the Chatham Ridge shopping center, existing tenants in the building on the Redevelopment Site would have to be relocated. These tenants include:

- Debbie's School of Beauty Culture
- Junior Achievement
- A temporary service center for the M.A.N. Truck and Bus Corporation

The costs of relocation in the form of either relocation advice or financial assistance would be supported by tax increment funds. Future redevelopment of the rest of the Redevelopment Area and the costs associated with relocating tenants present at that time might be covered by tax increment funds generated by such future redevelopment.

Land Use Plan - Chatham Ridge Shopping Center -
Chatham Ridge Project Site

Land uses would be developed in accordance with the Planned Unit Development (PUD) to be submitted to the proper governing body. Future land uses are also expected to be in accordance with the proposed PUD and allowable variances therefrom. It is the intent of the plan to encourage conforming mixed-used development. The following are the characteristic uses which the City desires in the Project Site.

- Retail Uses - Retail uses should be developed in order to make the Project Site one of the preferred shopping center destinations in the City. Prospective tenants include food, appliance, drug and toy stores as anchors with ancillary, multi-tenant retail space.
- Restaurant Uses - Restaurant uses would be permitted throughout the Project Site.
- Parking Uses - Full realization of economic development potential of the Project Site is directly related to the availability of sufficient automobile parking that is conveniently located together with appropriate pedestrian linkages and amenities to allow and encourage patrons to combine their errands into a one-stop, multi-purpose trip.

Development Design Objectives

The land use plan for the shopping center is designed to improve and strengthen the general land-use relationships within the area. The placement of the building on the Project Site encourages interaction between the proposed retail center and the existing

shopping center located directly across 87th Street to the south, providing a stronger retail market draw for multi-purpose shopping trips. The industrial uses to the north are shielded by the site plan design, creating a consistent retail/commercial land-use pattern at 87th and Lafayette.

Architectural and design standards would meet or exceed City requirements. The development of subsequent portions of the Chatham Ridge Redevelopment Area would be consistent in quality and design standards with the Chatham Ridge shopping center.

Estimated Project Development Costs

The Redevelopment Plan required for tax increment financing must include a description of all costs pertaining to the redevelopment project. These project costs include all reasonable or necessary expenses incurred or estimated to be incurred in connection with a redevelopment plan and a redevelopment project. For example, these costs may be:

1. Cost of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan, including, but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services.
2. Building acquisition, including demolition of buildings, removal of debris and site grading.
3. Costs of removing and constructing or repairing of on- or off-site public improvements, such as roads, curbs, signs, sidewalks, utilities and landscaping.

4. Financial costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not exceeding 16 months thereafter, and including reasonable reserves related thereto.
5. Costs for relocating tenants from structures that will be demolished.

The estimated costs associated with the redevelopment of the Chatham Ridge Project Site are presented in Exhibit 1 on the following page.

Sources of Funds

Although other sources of funds which become available are not to be excluded, the only source presently contemplated for funding the redevelopment project costs described above is tax increment financing (T.I.F.). The revenue to support a T.I.F. bond issue will be derived from the incremental real estate taxes and the sales tax revenue generated by the new development in the designated redevelopment area.

The sales tax revenue was estimated by identifying a probable retail mix of the shopping center and applying a sales volume figure for each retail use. Because there are no current retail sales on the site, the total expected sales tax revenues are available to the increment allocation. The sales tax revenue allocated

**EXHIBIT 1
 CHATHAM RIDGE PROJECT SITE
 ESTIMATED PROJECT DEVELOPMENT COSTS
 ELIGIBLE FOR TAX INCREMENT FINANCING**

..... ITEMS	ESTIMATED COSTS (1)
Building Acquisition	\$2,000,000
Public Improvements	923,000
Site Preparation	1,668,000
Tenant Improvements / Relocation	100,000
Architect & Engineer	61,600
Other Professional Fees	300,000
City Administration Expenses	100,000
Financing Expenses	1,117,100

TOTAL	\$6,269,700

(1) The cost figures mentioned above are intended to provide an estimate as to project costs. Line items amounts may vary and amounts shown may be shifted from one category to another.

Source: First National Realty & Development Company, Inc.

to the increment fund include the following five taxes: Municipal Retailer Occupation Tax, Municipal Service Occupation Tax, Retailer Occupation Tax, Use Tax and Service Use Tax.

As shown on Exhibit 2 on the following page the last current 1985 equalized assessed valuation and property tax revenue for the Chatham Ridge Redevelopment Area are approximately \$1,302,119 and \$126,554, respectively. The assessed valuation and property tax revenue for the Project Site are approximately \$850,096 and \$82,622, respectively, which represents 65% of the Redevelopment Area's equalized assessed valuation and its real property taxes. The prospective estimate of equalized assessed valuation after redevelopment of the Chatham Ridge Project Site is approximately \$5,713,000 during the shopping center's first full year of operation (see Appendix B).

The total amount of sales tax and real estate tax revenue available to service the tax increment bonds is estimated in Appendix B and shown on page 27 as Exhibit 3. The sales tax revenue will be used exclusively for the development of the Chatham Ridge Redevelopment Area. The Project Site would not reasonably be developed without the use of such incremental revenue. Any excess tax revenue not required for payment of the bond debt service costs and redevelopment project costs may be used for early repayment of debt or be distributed to the public taxing entities.

EXHIBIT 2

CHATHAM RIDGE REDEVELOPMENT AREA
1985 EQUALIZED ASSESSED VALUATION AND
REAL PROPERTY TAXES

<u>Property identification number</u>	<u>Equalized assessed valuation</u>	<u>Real property taxes</u>
20-33-305-004		Exempt
-005	\$ 1,374	\$ 134
-006	6,753	656
-010	3,608	351
-012		Exempt
-013		Exempt
-018		(1)
-022	39,170	3,807 (1)
-024	9,522	925
-025	12,535	1,218
-026		(3) (3)
-027	112,820	10,965
-028		Railroad (2)
-029	106,635	10,364
-030	159,606	15,512
20-33-411-013	634,930	61,709
-014		Railroad (2)
-021	79,151	7,693
-022	45,936	4,465
-028(4)	90,079	8,755
	<u>\$1,302,119</u>	<u>\$126,554</u>

- (1) Only a small vacant portion of this tax parcel is included in the Redevelopment Area. It is assumed that the assessed valuation and property taxes for this parcel flow to the developed portion of the parcel and not the Redevelopment Area.
- (2) Taxes/payments in lieu predicated on value of property in whole State and allocated to various jurisdictions. It is not possible to ascertain taxes on railroad property at this time.
- (3) Not meaningful. Data not available from Assessor.
- (4) Only part of this tax parcel is in the Redevelopment Area. Equalized assessed valuation and property tax revenues as shown have been apportioned on the basis of land area.

Source: Cook County Assessor's Office.

EXHIBIT 3
 CHATHAM RIDGE PROJECT SITE
 ANALYSIS OF INCREMENTAL TAX REVENUE

	INCREMENTAL REAL ESTATE TAX REVENUE (1)	INCREMENTAL SALES TAX REVENUE (1)	TOTAL I I F. REVENUE
1987	0	0	0
1988	(13,100)	0	(13,100)
1989	393,200	514,666	907,866
1990	583,000	1,082,390	1,666,190
1991	617,500	1,136,510	1,754,010
1992	653,000	1,193,335	1,846,336
1993	685,650	1,253,002	1,938,652
1994	719,933	1,315,652	2,035,585
1995	755,930	1,381,435	2,137,365
1996	793,727	1,450,507	2,244,234
1997	833,413	1,523,032	2,356,445
1998	875,084	1,599,184	2,474,268
1999	918,838	1,679,143	2,597,981
2000	964,780	1,763,100	2,727,880
2001	1,013,019	1,851,255	2,864,274
2002	1,063,670	1,943,018	3,007,488
2003	1,116,854	2,041,009	3,157,863
2004	1,172,697	2,143,059	3,315,756
2005	1,231,332	2,250,212	3,481,544
2006	1,292,899	2,362,723	3,655,622
2007	1,357,544	2,480,859	3,838,403

(1) There is a one year lag between the accrued incremental real estate and sales tax revenues shown in Appendix B, Exhibits 3 and C, and when the revenues become available to service obligations, as shown above.

(2) A 5% annual inflation rate is assumed.

Source: Laventhol & Horwath, See Appendix B for explanation.

Nature and Term of Obligations to be Issued

Tax increment revenue obligations may be issued pursuant to the Act for a term not to exceed 20 years. One or more series of obligations may be issued from time to time in order to implement the redevelopment plan. All obligations are to be covered after issuance by projected and actual tax increment revenues and by such debt service reserves and sinking funds as may be provided by ordinance. The terms and conditions of the obligations will depend upon many factors, including recent financial market conditions and its perceived level of risk in the real estate project. Revenues not required for the retirement of obligations providing for reserves, sinking funds and payment of redevelopment project costs are to be declared surplus and become available for distribution annually to the taxing districts in the redevelopment area in the manner provided by the Act.

Such securities may be issued on either a taxable or tax-exempt basis with either fixed rate or floating interest rates; with or without floating interest rates, with or without capitalized interest, with or without interest rate limits, and with or without redemption provisions.

Provisions for Amendment

The Redevelopment Plan and Project may be amended in accordance with the terms of the Act.

Completion of Redevelopment Project and
Retirement of Obligations to Finance
Redevelopment Costs

The redevelopment of the Chatham Ridge Redevelopment Area will be completed and all obligations issued to finance redevelopment project costs will be retired no later than December 1, 2009. Pursuant to this plan, the bonds will mature no later than 23 years from the adoption of the ordinance approving the redevelopment of the Chatham Ridge Redevelopment Area. Construction activities for the Chatham Ridge Project Site are expected to be completed in four years. Obligations may be retired within less than ten years, depending on the incremental real property and sales tax yield.

THE SOUTHERLY LINE OF SAID LOT 4, EXTENDED WESTERLY THENCE
EASTERLY ALONG SAID EXTENDED LINE AND THE SOUTHERLY LINES
OF SAID LOTS 4 AND 14, 815 FEET, MORE OR LESS; THENCE SOUTHERLY
AT RIGHT ANGLES TO THE LAST DESCRIBED LINE 125 FEET, MORE
OR LESS; THENCE WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY
LINE OF SAID LOTS 4 AND 14, A DISTANCE OF 500 FEET; THENCE
SOUTHERLY ON A LINE AT RIGHT ANGLES TO THE LAST DESCRIBED
LINE, A DISTANCE OF 625.00 FEET; THENCE WESTERLY ON A LINE
PARALLEL TO THE SOUTHERLY LINE OF SAID LOTS 4 AND 14, 312.50
FEET MORE OR LESS TO A POINT ON THE EASTERLY BOUNDARY LINE
OF THE C&W.I. RAILROAD RIGHT-OF-WAY; THENCE NORTHWESTERLY
ALONG SAID LINE UNTIL INTERSECTING WITH THE LINE OF THE
CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY;
THENCE NORTHERLY UNTIL REACHING THE POINT OF BEGINNING.

PARCEL IV

THAT PART OF THE EAST 1/2 OF THE WEST 1/2 OF SECTION 33,
TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL
MERIDIAN IN COOK COUNTY, ILLINOIS LYING SOUTHWESTERLY OF
THE NORTHERLY LINE OF 83RD STREET, AND SAID NORTHERLY LINE
EXTENDED NORTHWESTERLY TO THE WESTERLY LINE OF VINCENNES
AVENUE AND SOUTHEASTERLY OF THE WESTERLY LINE OF VINCENNES
AVENUE, (EXCEPTING THEREOF THOSE PARTS FALLING IN BLOCKS
1 AND 3 OF WILLIAM O. COLES'S SOUTH ENGLEWOOD PARK SUBDIVISION,
A SUBDIVISION OF THAT PART OF SOUTH ENGLEWOOD KNOWN ON THE
ORIGINAL PLAT AS STEVEN A. NEWMAN'S PRIVATE GROUNDS IN THE
EAST 1/2 OF THE SOUTHWEST 1/4 OF SAID SECTION RECORDED
SEPTEMBER 11, 1873, BOOK 5, PAGE 99 AND BLOCK 17 OF THE PLAT
OF PART OF SOUTH ENGLEWOOD, A SUBDIVISION OF THAT PORTION
OF SAID SECTION, WHICH LIES WEST AND SOUTHWEST OF HOLLAND
SETTLEMENT ROAD AND SOUTH AND SOUTHEAST OF VINCENNES AVENUE
AND EAST OF THE CENTER LINE OF THE C.R.I. & P.R.R. RECORDED
JANUARY 16, 1873, BOOK 3, PAGE 80, AND THOSE PARTS OF 85TH
STREET, 86TH STREET AND 87TH STREET WHICH LIE WEST OF THE
WEST LINE, AND SAID WEST LINE EXTENDED, OF PARNELL AVENUE),
INCLUDING THOSE PARTS FALLING IN 83RD STREET, 84TH STREET,
87TH STREET AND VINCENNES AVENUE, AND INCLUDING ALL THOSE
OTHER STREETS AND ALLEYS, DEDICATED OR OTHERWISE, FALLING
WITHIN SAID LAND OR WHICH MAY REVERT TO THE PUBLIC IN THE
FUTURE; BUT EXCEPTING THEREFROM THE PARCEL OF LAND BOUNDED
AS FOLLOWS: BY THE EASTERLY BOUNDARY LINE OF THE C&W.I.
RAILROAD RIGHT-OF-WAY, THE NORTHERLY LINE OF SOUTH VINCENNES
AVENUE, THE NORTHERLY LINE OF WEST 83RD STREET AND THE
WESTERLY LINE OF SOUTH STEWART AVENUE, (CONSISTING OF
APPROXIMATELY 8.2206 ACRES, MORE OR LESS).

APPENDIX B

ESTIMATED SALES AND REAL ESTATE TAX REVENUES AVAILABLE FOR TAX INCREMENT FINANCING

The Redevelopment Plan for the Project Site provides information to estimate the incremental tax revenue generated by the contemplated Chatham Ridge shopping center. Two revenue sources are applicable as shown below, sales and real property taxes.

SALES TAX REVENUE

The sales tax revenue was estimated by identifying a probable retail mix of the shopping center and applying a sales volume figure for each retail use from the publication entitled "Dollars and Cents of Shopping Centers", published by the International Council of Shopping Centers. Future sales volumes assume no real growth above an estimated inflation rate of 5% annually; see Exhibits A and B at the end of this Appendix.

PROPERTY TAX REVENUE

The estimated equalized assessed valuation of the Chatham Ridge Project Site after redevelopment was estimated on the basis of the planned new construction. The Chatham Ridge shopping center is estimated to generate an equalized assessed valuation of \$5,713,000, representing a net increase of \$4,862,869 over the present. This equalized assessed valuation assumes the current 40% assessment ratio for commercial property in Cook County and a state multiplier of 1.8085. The market value for the land and construction cost for the proposed shopping center totals approximately \$7.9 million.

Future real property taxes generated by the shopping center are expected to be in the range of \$674,900 during the center's first full year of operation (Exhibit C to this Appendix). This tax revenue is estimated by applying the 1985 property tax rate in the City of Chicago (\$9.719 per \$100 of assessed value) against the estimated equalized assessed value of the proposed redevelopment and inflating this base tax level by 5% per year. The real property tax increment that is available to support the T.I.F. bonds is shown in Exhibit C to this Appendix.

APPENDIX B
 EXHIBIT A
 CHATHAM RIDGE PROJECT SITE
 ESTIMATED ANNUAL SALES VOLUME PER SQUARE FOOT
 FOR THE FIRST TWO YEARS

	STORE TYPE (1)	SQUARE FEET (1)	ANNUAL SALES VOLUME PER SQUARE FOOT (2)	
			1988	1989
Tenant A	Fast Food	2,250	\$170	\$179
Tenant B	Fast Food	3,000	170	179
Tenant C	Fast Food	3,000	170	179
Tenant E	Small	17,400	145	152
Tenant F	Grocery	74,550	310	326
Tenant G	Paint	10,800	115	121
Tenant H	Appliance	24,950	125	131
Tenant J	Drug	13,000	150	158
Tenant K	Toy	36,792	90	95
TOTAL		185,742		

(1) Store mix and store size information was provided by First National Realty.

(2) Sales volumes are based on an industry trade publication, "Dollars and Cents of Shopping Centers", which provides sales statistics by shopping center size and by store type. A five percent inflation rate is assumed in the annual sales estimates after 1988. There are only six months of operation in 1988.

APPENDIX B

EXHIBIT B
 CHATHAM RIDGE PROJECT SITE
 ESTIMATED SALES VOLUME AND TAX REVENUE FOR
 TAX INCREMENT FINANCING

	1988	1989	1990	1991	1992
Tenant A	\$191,250	\$402,750	\$422,888	\$444,032	\$466,233
Tenant B	255,000	537,000	563,850	592,043	621,645
Tenant C	255,000	537,000	563,850	592,043	621,645
Tenant E	1,261,500	2,644,800	2,777,040	2,915,892	3,061,687
Tenant F	11,555,250	24,303,300	25,518,465	26,794,388	28,134,108
Tenant G	621,000	1,306,800	1,372,140	1,440,747	1,512,784
Tenant H	1,559,375	3,268,450	3,431,873	3,603,466	3,783,639
Tenant J	975,000	2,054,000	2,156,700	2,264,535	2,377,762
Tenant K	1,655,640	3,495,240	3,670,002	3,853,502	4,046,177
Total Sales	\$18,329,015	\$38,549,340	\$40,476,807	\$42,500,647	\$44,625,680
Food and Drug Sales (1)	11,701,500	24,611,400	25,841,970	27,134,069	28,490,772
Sales Tax Revenue at 1%	117,015	246,114	258,420	271,341	284,908
All Other Sales	6,627,515	13,937,940	14,634,837	15,366,578	16,134,908
Sales Tax Revenue at 6%	397,651	836,276	878,090	921,995	968,094
Total Sales Tax Revenue (2)	\$514,666	\$1,082,390	\$1,136,510	\$1,193,336	\$1,253,002

(1) This category equals all sales for Tenant F (grocery) and 15% of sales for Tenant J (drug).

(2) The entire sales tax revenue shown above is assumed to be available for funding T.I.F. bonds.

APPENDIX B
 EXHIBIT C
 CHATHAM RIDGE PROJECT SITE
 ESTIMATED REAL ESTATE TAX REVENUE
 AND INCREMENTAL REVENUE AVAILABLE FOR
 TAX INCREMENT FINANCING

	1987	1988	1989	1990	1991
Estimated RE Tax Revenue Collected from New Development		376,300	674,900	708,600	744,100
Plus Construction Period RE Tax Revenue	78,000	108,000	0	0	0
Equals Total RE Tax Revenue	78,000	484,300	674,900	708,600	744,100
Existing RE Tax Revenue Base	91,100	91,100	91,100	91,100	91,100
Incremental RE Tax Revenue	(\$13,100) *****	\$393,200 *****	\$583,800 *****	\$617,500 *****	\$653,000 *****

- Notes: (1) Tax revenue is assumed to increase 5% annually.
 (2) There are only 6 months of operation assumed in 1988 during which an average occupancy of 90% is assumed.
 (3) The tax revenue base is fixed unless the tax rate increases.

AMENDMENT NO. 1
City of Chicago

Chatham-Ridge Redevelopment Area
Redevelopment Plan and Project

July, 1996

The Chatham-Ridge Redevelopment Area's Redevelopment Plan and Project (the "Plan") of the City of Chicago approved by Ordinance of the City Council on December 18, 1996 is hereby amended by revising Exhibit 1 ("Estimated Project Development Costs") as follows:

"Amendment No. 1 to the Redevelopment Project and Plan"

<u>Original Estimated Project Development Items</u>	<u>Original Estimated Costs</u>	<u>Amended Project Development Items</u>	<u>Amended Project Costs</u>
Building Acquisition	\$ 2,000,000	Property Assembly Land Acquisition Demolition Site Preparation Environmental Remediation	\$10,500,000
Public Improvements	\$ 923,000	Public Improvements:	\$ 5,000,000
Site Preparation	\$ 1,668,000	Delete	\$ -0-
Tenant Improvements/ Relocation	\$ 100,000	Relocation	\$ 500,000
Architect & Engineer	\$ 61,600	Delete	\$ -0-
Other Professional Fees	\$ 300,000	Professional Services (Studies, Plans, Surveys Administration, Legal, Architectural & Engineering Environmental audits, etc.)	\$ 1,500,000
City Administration Expenses	\$ 100,000	Delete	\$ -0-
Financing Expenses	\$ 1,117,000	Interest	\$ 2,000,000
No Category Listed	\$ -0-	Rehabilitation	\$ 5,000,000
No Category Listed	\$ -0-	Job Training	\$ 500,000
TOTAL:	\$ 6,269,000	TOTAL:	\$25,000,000*

* Note: The total redevelopment project costs provide an upper limit on expenditures (exclusive of capitalized interest, issuance costs and other financing costs). Within this limit, adjustments may be made in line items without further amendment to Revised Exhibit No. 1. Line items and/or estimated redevelopment project costs in bold type are revisions to Exhibit No.1 in the original Plan.

EXHIBIT E

CONSTRUCTION CONTRACT

[TO COME]

EXHIBIT F
REQUISITION FORM

State of Illinois)
) SS
COUNTY OF COOK)

The affiant, _____, _____ of Home Depot U.S.A., Inc., a Delaware corporation (the "Developer"), being duly sworn on oath deposes and says that the Developer is the owner of the Property as defined in that certain Chatham Ridge Redevelopment Project Area Redevelopment Agreement between the Developer and the City of Chicago dated _____, 199__ (the "Agreement") and that:

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

[Description]	\$ _____
Total	\$ _____
20.8% of the Total is equal to	\$ _____

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

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

\$ _____

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

\$ _____

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

F. Attached are the following documents:

1. a certification as to the status of job creation in accordance with Section 8.06 of the Agreement; and

2. a report for the year ended _____, 199__ detailing compliance with Section 10.03 of the Agreement.

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

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

2. The Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens.

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

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

Home Depot U.S.A., Inc.
a Delaware corporation

By: _____
Name
Title: _____

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

My commission expires: _____

Agreed and accepted:

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

EXHIBIT G

PERMITTED LIENS

1. Liens or encumbrances against the Property:

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

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any: [To be completed by Developer's counsel, subject to City approval.]

EXHIBIT H

PROJECT BUDGET

<u>Line Item</u>	<u>Cost</u>
Land Acquisition	\$1,298,500
Building Construction	5,300,000
Fixtures, Registers, Computers	1,505,000
Development Fees	188,722
Demolition	450,000
Environmental Remediation	1,150,000
Site Preparation	3,000,000
Landscaping	100,000
Public Improvements (street improvements)	100,000
Building and Tap Fees	125,000
Architectural and Engineering Services	286,500
Construction Supervision Services	227,250
Real Estate Commissions	350,000
Legal/Title/Survey	200,000
Professional and Consultant Services	200,000
Financing Fees	85,000
Minus Environmental Remediation performed by The Belt Railroad	(400,000)
Overhead, Signage & Promotion	250,000
Contingency	470,500
Construction Interest	<u>523,055</u>
 TOTAL	 \$15,409,527

EXHIBIT H-1

CONSTRUCTION BUDGET

<u>Line Item</u>	<u>Cost</u>
Mass Excavation	\$868,732
Site Concrete	150,459
Asphalt Paving	799,483
Storm Sewers/Interior Plumbing	681,233
Precast Retention Basin	193,615
Site & Building Fencing	148,865
Landscaping	50,867
Survey & Layout	40,323
Security	47,206
Building Earthwork	129,702
Concrete	863,921
Masonry	503,535
Structural Steel	572,371
Rough Carpentry	145,160
Millwork	47,998
Roofing	358,717
Firestopping/Sealants	41,400
Doors & Hardware/Pass Through Box	32,767
Overhead Doors	63,748
Glass/Glazing & House Plant Enclosure	138,081
Auto Entrance Doors	50,479
Drywall/Acoustical	111,730
VCT Flooring	1,424
Ceramic Tile	7,430
Painting	157,574
Toilet Accessories & Partitions	11,884
Dock Levelers	17,789
HVAC System	146,990
Fire Protection System	211,704
Electrical & Site Lighting	1,092,806
Minority Consultant	24,000
Demolition	<u>453,649</u>
TOTAL	\$8,165,642

EXHIBIT I

OWNER'S SWORN STATEMENT

[TO COME]

EXHIBIT J

JOBS READINESS PROGRAM (JRP)

The JRP is a program developed by the City of Chicago that trains Chicago residents that live in the communities within and surrounding Tax Increment Financing (TIF) districts to be qualified, "job ready" candidates for entry level jobs in TIF districts. TIF district incremental tax revenues allocated for job training expenses are used to fund the JRP. The JRP is jointly managed by the Department of Planning Development ("DPD") and the Mayor's Office of Employment and Training ("MET").

The JRP involves the participation of TIF district employers, DPD, MET, delegate agencies and third party service providers. The existing and future employers in TIF districts that participate are those that offer entry level employment positions. The delegate agencies and third party service providers that participate are those that provide direct services such as job readiness training or recruiting services. DPD and MET coordinate the participation of all parties.

The JRP is implemented through a process that involves the participating employer(s): (1) describing its business/industry, a "job ready" candidate for its business, the type of candidate that it seeks to hire, and the number of entry level positions that it needs to fill both initially and on an on-going basis; (2) participating in the selection of a job readiness trainer through selection of an agency from a list proposed by the City (with the City maintaining final contracting authority); (3) developing a working relationship with the job readiness trainer and recruiting organization; (4) providing written feedback to DPD and MET every six months (or more frequently as the employer desires) on the quality of JRP candidates being interviewed in order to improve the JRP, which shall include information regarding the number of JRP candidates interviewed and the number of JRP candidates hired; and (5) providing a six month report to DPD and MET on the employment status of hired JRP graduates.

DPD, MET and any delegate agency or third party service provider (and not the employer(s)) are responsible for recruiting individuals to participate in the JRP. Chicago residents that live in communities within and surrounding the TIF district are then trained through the JRP to meet the employer's needs within that TIF district. The employer then interviews and makes hiring decisions about candidates from the pool of JRP graduates first, before other "off-the-street" applicants (non-JRP graduates) are interviewed, for the initially available entry level positions. After the initial entry level positions have been filled, the employer will interview a JRP graduate prior to making a final hiring decision about a position for at least 75% of the entry level positions that become open during any six month period. The participating employer(s) shall have the right to exercise discretion in choosing particular candidates from the available pool of candidates that might exist in filling the hiring requirements of the employer(s). It is anticipated that, under the JRP (as administered by the agency or entity selected as described above), all JRP graduates will receive at least two years of follow-up support services to enable them to maintain their employment and to assist them in securing advanced employment opportunities in the future and in developing a career plan.

EXHIBIT K

OPINION OF DEVELOPER'S COUNSEL

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

____, 199_

City of Chicago
121 North LaSalle Street
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

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

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

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

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

In addition to the foregoing, we have examined

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

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

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

Based on the foregoing, it is our opinion that:

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT L

CONDITIONAL PROVISIONS

Real Estate Provisions.

A. Governmental Charges.

(i) Payment of Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. Until a Certificate has been issued, the Developer shall notify the City that the real estate taxes have been paid in full within ten (10) days of such payment. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances relating to the Developer, the Property or the Project including but not limited to real estate taxes.

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

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

(b) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest,

adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

C. Real Estate Taxes.

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

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

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

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment

Complaint" as used herein shall mean any complaint seeking to increase the assessed value of the Project up to (but not above) the Minimum Assessed Value as shown in Exhibit M.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Exhibit L are covenants running with the land and the improvements thereon and the Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released upon the earlier of (a) December 1, 2009 or (b) when the Redevelopment Area is no longer in effect. The Developer agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this subparagraph (c) and subparagraph (d) below to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this subparagraph (c) and subparagraph (d) below.

D. Insurance. In addition to the insurance required pursuant to Section 12 of the Agreement, the Developer shall procure and maintain the following insurance:

(i) Prior to the effective date of this Exhibit L and during construction of the Project, if applicable, All Risk Property Insurance in the amount of the full replacement value of the Property.

(ii) Post-construction, upon the effective date of this Exhibit L and throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable.

EXHIBIT M

PRELIMINARY TIF PROJECTION - REAL ESTATE TAXES

[TO COME]

EXHIBIT N

LEASE

BETWEEN

MG DEVELOPMENT LIMITED PARTNERSHIP

AS LANDLORD

AND

HOME DEPOT U. S. A., INC.

AS TENANT

CONTENTS OF LEASE

1.1	Premises
2.1	Term
2.2	Extension Options
3.1	Base Rent
3.2	Base Rent - Extension Terms
4.1	Real Estate Taxes
4.2	Personal Property Taxes
5.1	Definition of Parking and Access Areas
5.2	Use of Parking and Access Areas
5.3	Operation and Maintenance of Parking and Access Areas
5.4	Modification of Parking and Access Areas
6.1	Utilities
7.1	Use
7.2	Assignment and Subletting
8.1	Maintenance
8.2	Alterations
8.3	Tenant's Fixtures and Signs
9.1	Tenant's Insurance
9.2	Insurance Coverages and Certificates
9.3	Indemnities
9.4	Mutual Release, Waiver of Subrogation
10.1	Damage and Destruction to the Premises
11.1	Termination Right
11.2	Restoration
11.3	Award
11.4	Termination
12.1	Self Help
13.1	Remedies Upon Tenant's Default
13.2	Remedies Upon Landlord's Default
13.3	Remedies Cumulative
13.4	Offset Escrow; Limitation on Right of Offset
14.1	Covenant of Quiet Enjoyment
15.1	Lease Superior
16.1	Transfers of Landlord's Interest
16.2	Landlord's Liability
17.1	Holding Over
17.2	Non-Waiver of Default
17.3	Recording

17.4	Notice
17.5	Successors and Assigns
17.6	Partial Invalidity
17.7	Interpretation
17.8	Headings, Captions and References
17.9	Brokerage Commissions
17.10	Governing Law
17.11	Tenant's Right to Mortgage
17.12	Waiver of Landlord's Lien
17.13	Effective Date
17.14	Force Majeure
17.15	Transfer Tax
17.16	Estoppel Certificate
17.17	Surrender of Premises
17.18	TIF Agreement
17.19	Covenants, Conditions, Easements and Restrictions
17.20	Repurchase Agreement

Exhibit A	Site Plan
Exhibit B	Land Legal Description
Exhibit C	Sign Plans
Exhibit D	Base Rent Schedule
Exhibit E	Permitted Title Exceptions
Exhibit F	Non-Disturbance and Recognition Agreement
Exhibit G	Memorandum of Lease
Exhibit H	Escrow Agreement

LEASE

THIS LEASE is made and entered into effective as of the ___ day of _____, 1997, by and between MG DEVELOPMENT LIMITED PARTNERSHIP, an Illinois limited partnership ("Landlord") and having a Federal Tax Identification Number of _____ and HOME DEPOT U.S.A., INC., a Delaware corporation with its home office located at 2455 Paces Ferry Road, Atlanta, Georgia 30339 ("Tenant").

ARTICLE I DEMISE OF PREMISES

1.1 Premises

For and in consideration of the covenants and agreements contained herein and other valuable consideration and upon the following terms and conditions, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises (as hereinafter defined), including the following:

- (a) approximately 11.516 acres of land ("Land") located at the northwest corner of the intersection of 87th and Wentworth Avenues in Chicago, Illinois depicted as shown on the Site Plan attached hereto as Exhibit A and legally described on Exhibit B attached hereto;
- (b) the building located thereon containing approximately 103,550 gross leasable square feet ("Building");
- (c) a garden center containing approximately 27,972 square feet;
- (d) related truck loading docks, concrete pad and trash compactor area;
and
- (e) all related equipment, fixtures, signage and other items installed in connection with the construction of the Building.

The Building, garden center, related truck loading docks, concrete pad and trash compactor area, and all related equipment, fixtures, signage and other items shall collectively be referred to in this Lease as the "Store". Landlord also hereby grants to Tenant a non-revocable license coextensive with the term of this Lease for sign space on a pylon sign in the area shown on the Site Plan, which sign space and terms relative thereto shall be as set forth in Exhibit C attached hereto. The Land, the Store, all improvements on the Land, and all rights of ingress and egress and easement privileges

and rights appurtenant to the Land and Store (including the sign license and all rights granted in this Lease) are hereinafter collectively referred to as the "Premises".

ARTICLE II **LEASE TERM**

2.1 Term

This Lease shall be effective from and after the Effective Date (as defined in Section 17.13 hereof). Base Rent and other charges provided for under this Lease shall accrue from the Effective Date. The term ("Initial Term") shall end on the last day of the twentieth (20th) Lease Year (as defined in the next paragraph).

For purposes of this Lease, "Lease Year" shall mean a 12-month period commencing February 1 and ending on January 31 of the next calendar year, except that the first Lease Year shall begin on the Rent Commencement Date and shall end on the first January 31 which is not less than twelve (12) full calendar months after the Rent Commencement Date (e.g., if the Rent Commencement Date is October 12, 1997, the first Lease Year shall end January 31, 1999).

2.2 Extension Options

Tenant shall have six (6) successive five (5) year options to extend the term of this Lease ("Extension Terms"), upon the terms and conditions hereof, exercisable by the delivery of written notice to Landlord by Tenant not less than twelve (12) months prior to the expiration of the then current Initial or Extension Term, as the case may be; provided, however, that if Tenant shall fail to give any such notice within the aforesaid time limit, Tenant's right to exercise its option shall nevertheless continue until thirty (30) days after Landlord shall have given Tenant notice of Landlord's election to terminate such option, and Tenant may exercise such option at any time until the expiration of said thirty (30) day period. Tenant may not exercise any option if at the time of exercise Tenant is in default under this Lease, requisite notice of the default has been given, and all cure periods pertaining to the default have expired.

It is the intention of the parties to avoid forfeiture of Tenant's rights to extend the term of this Lease under any of the options set forth in this Lease through failure to give notice of exercise thereof within the time limits prescribed. Accordingly, if Tenant shall fail to give notice to Landlord of Tenant's election to extend the term of this Lease for any of the aforesaid Extension Terms, and if Landlord shall fail to give notice to Tenant of Landlord's election to terminate Tenant's right to extend this Lease under the option applicable thereto, then and so often as such event shall occur, the term of this Lease shall be automatically extended from month to month upon all of the terms and conditions then in effect, subject to Tenant's right under such option to extend the term of this Lease for

the remainder of the renewal period covered thereby and to Landlord's right to place the thirty (30) day limit on such option by a notice in the manner provided in this Section 2.2.

The term "Extension Term" may sometimes collectively refer to the Extension Terms, or may sometimes individually refer to any one of the five Extension Terms described in this Section 2.2, as the context may require. The Initial Term and the aggregate of Extension Terms may be collectively referred to as the "term" or the "Term" of this Lease.

ARTICLE III **RENT**

3.1 Base Rent

The amount of Base Rent for the Initial Term shall be in the annual and monthly amounts shown on the Base Rent Schedule attached hereto as Exhibit D. Tenant shall pay Base Rent on a monthly basis from the Effective Date, but if the Effective Date is other than the first day of a month, Base Rent for that month shall be prorated on the basis of a thirty day month, and Base Rent for that portion of a month and the next shall be payable on or before the Effective Date, and Base Rent for each month thereafter shall be payable on or before the first day of the month for which the Base Rent is due.

For purposes of this Lease, consistent with Internal Revenue Code Section 467, Landlord and Tenant agree to account for the Lease arrangement, including without limitation, the Base Rent and all additional rents hereunder, on a consistent level rental accrual basis.

3.2 Base Rent - Extension Terms

Base Rent for each extension term shall be 105% of the Base Rent payable in the initial term (excluding the Base Rent Substitution Component) or extension term preceding the term in question as shown on Exhibit D.

ARTICLE IV **TAXES**

4.1 Real Estate Taxes

For the purposes of this Lease, the term "real estate taxes" shall mean general real estate taxes and special assessments on the Land and Store for betterments and improvements that are levied or assessed by any lawful authority. Real estate taxes shall include any taxes assessed in lieu thereof but shall not include: (i) income, intangible,

franchise, capital stock, estate or inheritance taxes or taxes substituted for or in lieu of the foregoing exclusions; (ii) to the extent that the expense thereof has already been paid or provided for as part of the Cost of Construction of the Premises, any assessment relating to the initial construction of on-site or off-site infrastructure for the Land such as the widening of exterior roads, traffic signalization, the installation of or hook up to sewer lines, sanitary and storm drainage systems and other utility lines and installations (the "Site Facilities") or for the addition of Site Facilities following completion of the Premises; (iii) taxes on gross receipts or revenues of the Shopping Center unless such taxes are in lieu of ad valorem taxes and are paid by all other occupants in the Shopping Center on no more favorable basis to such tenants or occupants as the manner in which such taxes are paid by Tenant.

Landlord and Tenant intend for Tenant to pay 100% of the real estate taxes attributable to the Store and the Land. Landlord shall attempt to cause the Store and Land to be taxed separately from any other property owned by Landlord or from any other property adjacent to the Land. Landlord and Tenant recognize that they may not be able to determine or obtain a commitment from the assessor for the method to be utilized by the assessor in assessing the Store and Land, and they also recognize that the assessment method may change in the future.

If there is at any time no separate assessment or separate tax parcel on the Store and Land, Tenant's share of real estate taxes attributable to the Store and Land shall be equal to the sum of: (a) one hundred percent (100%) of the real estate taxes assessed on the Store, plus (b) 100% of the real estate taxes on the Land. If there is no separate assessment on the Store, the amount of real estate taxes on the Store shall be the product of all real estate taxes on buildings in that assessment multiplied by a fraction, the numerator of which is the square footage of the Building and the denominator of which is the square footage of all buildings included in that assessment. If there is no separate assessment or calculation of the Land, the amount of real estate taxes on the Land shall be the product of all real estate taxes on land in that assessment multiplied by a fraction, the numerator of which is the acreage of the Land and the denominator of which is the acreage of all land included in that assessment.

If Tenant receives separate tax bills from the assessor, Tenant shall pay them on a timely basis and promptly after payment furnish Landlord a copy of proof of payment. If Landlord receives them, Landlord shall furnish Tenant with copies of all tax bills on the Store and Land promptly after receipt thereof and in sufficient time to allow Tenant to determine whether or not to contest the real estate taxes, and Tenant shall pay its share of real estate taxes as calculated above to Landlord on or before the later of: (i) thirty (30) days after the date Tenant receives a copy of the tax bill from Landlord with Landlord's calculation method explaining Tenant's share, or (ii) ten days prior to the date such tax bill is due and payable. Landlord shall promptly furnish Tenant evidence of proof of payment of those real estate taxes of which Tenant paid a portion to Landlord. Subject to the

limitations, if any, on tax contests in the Tax Increment Financing Agreement, if Tenant desires to contest the real estate taxes, Tenant shall promptly notify Landlord and thereafter pursue such contest at Tenant's expense. Tenant shall be allowed to take the maximum benefit of any law allowing real estate taxes or assessments to be paid in installments.

4.2 Personal Property Taxes

Except for real estate taxes as provided for in Section 4.1 above, Tenant shall pay all taxes assessed on Tenant's personal property on the Premises.

ARTICLE V **PARKING AND ACCESS AREAS**

5.1 Definition

"Parking and Access Areas" shall mean all areas, facilities, installations and equipment lying within the boundaries of the Land, including without limitation, parking areas, footways, exits, entrances, access roads, driveways, sidewalks, retaining walls, and landscaped areas.

5.2 Use of Parking and Access Areas

Landlord hereby grants to Tenant, its licensees, sublessees, concessionaires, successors and assigns, and its and their employees, agents, licensees, customers, and invitees the exclusive and non-terminable (within the term of this Lease) license and right to use the Parking and Access Areas continuously and without interruption during the term hereof. The parking spaces in the Parking and Access Areas and the access, perimeter and through roads, streets and drives shall be used for the ingress and egress and parking of private automobiles of customers, licensees, subtenants and employees of Tenant and for any other purpose connected with Tenant's operation of the Store. Tenant may place or operate soft drink or other vending machines on the sidewalks abutting the Building or along any exterior wall of the Building. Tenant shall keep the Parking and Access Areas suitably lighted based on Tenant's business experience in operating the Store. Tenant may take such action as it deems necessary to enforce and preserve Tenant's rights hereunder, including legal proceedings in the name of (but without expense to) Landlord, after Tenant has provided notice to Landlord of the nature of the proceedings to be taken. Landlord will execute no easement or other instrument affecting the Parking and Access Areas without the express written assent of Tenant thereto.

Prior to the execution of this Lease, Tenant has executed an access and parking easement ("Aetna Easement") pertaining to parking in and access to the Shopping Center in connection with property commonly known as Chatham Ridge Shopping Center, which

lies east of and adjoins the Shopping Center; the substance and format of the Aetna Easement has been reviewed and accepted by Landlord. Tenant agrees that it will perform the obligations required of Home Depot under the Aetna Easement; Landlord agrees that it will not amend or terminate the Aetna easement or commit any act which would in any manner jeopardize Tenant's rights under the Aetna Easement.

5.3 Operation and Maintenance of the Parking and Access Areas

Tenant shall be responsible for the operation, maintenance and repair of the Parking and Access Areas, to include, but not be limited to, landscaping; sweeping of the parking area and sidewalks; insurance; removal of trash from the Parking and Access Areas; snow and ice removal; lighting of the Parking and Access Areas; and patching, paving and striping of the Parking and Access Areas. Tenant shall maintain all utility mains and laterals or other components of any utility system exclusively serving the Store. Tenant shall paint, stripe and otherwise maintain, repair and replace all improvements to the Parking and Access Areas in a manner consistent with the quality and character of first class shopping centers in the market area of the Store.

5.4 Modification of Parking and Access Areas

Landlord shall not erect buildings or structures within the Parking and Access Areas, nor alter or permit any change in any manner in the size, location, nature, design or use of any portion of the Parking and Access Areas, nor permit or make changes to the exits, entrances or access roads as shown on the Site Plan without the prior consent of Tenant, which may be withheld or granted at Tenant's sole discretion. Tenant may from time to time modify the configuration of the Parking and Access Areas to best serve Tenant's business operations, including closing and relocating entrances and exits to the public roadways abutting the Land, but such changes shall not adversely affect the use of any other adjoining owner benefitted by an easement which falls within the definition of Permitted Exceptions or to which Tenant has assented.

ARTICLE VI
UTILITIES

6.1 Utilities

Landlord warrants that all utilities which are required by Tenant for the normal operation of its Store are available to Tenant, and Tenant shall not be required to pay environmental impact fees or other fees of a similar nature. Landlord shall promptly reimburse Tenant for expense incurred by Tenant for utility company service agreements to the extent Tenant is obligated to pay for utility lines servicing the Store or other aspects of utility service relating to initial construction of and service to the Store; Tenant shall notify Landlord before executing such agreements, but failure to notify shall not bar reimbursement. Tenant shall pay the applicable utility companies or governmental agencies directly for all utilities consumed on the Premises by Tenant. Tenant shall have the right to enter into reasonable agreements with utility companies and governmental agencies creating easements in favor of such utility companies or governmental agencies as may be required in order to service any improvements on the Premises, and Landlord covenants and agrees to consent thereto and to execute any and all documents and to undertake any and all actions in order to effectuate the same, as long as same do not materially adversely affect Landlord or Landlord's title.

ARTICLE VII
USE AND ASSIGNMENT

7.1 Use

Tenant and any successor may use the Premises for any lawful purpose, but Tenant shall have no obligation to open or continuously operate. Tenant shall comply with all laws, ordinances, rules, regulations and ordinances present or future of all governmental authorities with respect to the business being conducted in the Premises, or the use and occupancy thereof, or pertaining to the making of any alterations, changes, improvements or additions to the Premises.

Tenant may use the sidewalks in front of the Store and portions of Parking and Access Areas for the seasonal display and sale of merchandise, and for the temporary storage and staging of inventory, but such staging shall not obstruct vehicular passage. Such seasonal display and sale of merchandise shall be at Tenant's sole risk and expense. All maintenance directly related to the upkeep and sale of seasonal merchandise shall be Tenant's responsibility.

7.2 Assignment and Subletting

Tenant may assign this Lease or sublet all or any portion of the Premises, but the use permitted to or made by the assignee or subtenant shall not be other than permitted by this Lease. After the subletting or assignment, Tenant shall remain liable for the payment and performance of Tenant's obligations under this Lease. Tenant shall send Landlord a notice of any sublease or assignment agreement (and a copy of the instrument with financial terms redacted) within fifteen (15) days after the full execution and delivery thereof by Tenant and the subtenant or assignee. Landlord may assign this Lease without consent of Tenant. Landlord shall notify Tenant in writing of any such assignment.

ARTICLE VIII **MAINTENANCE; ALTERATIONS; FIXTURES**

8.1 Maintenance

Tenant agrees to keep and maintain the Premises in good order and condition, and, to the extent a sublessee shall operate in the Premises, Tenant shall cause such sublessee to do so in compliance with all legal requirements so as not to cause Landlord damage or liability. Landlord shall have no maintenance or repair obligations hereunder, except as otherwise stated in this Lease and with respect to matters caused by Landlord's negligence or willful misconduct. Upon termination of this Lease, Tenant shall deliver possession of the Store to Landlord broom clean and in as good condition and repair as it existed upon completion of initial construction of the Store, reasonable and ordinary wear, tear and obsolescence and damage by fire and other casualty or the elements beyond Tenant's control excepted. All property belonging to Tenant not removed within thirty days after the end of the Lease shall be deemed abandoned and shall be the property of Landlord.

Landlord shall repair at its expense: (a) all damage to the Premises or the Common Area caused by subsidence, settling or Building movement, and (b) all structural matters, including slab, floors, foundation and other structural portions of the Building (but not including the roof, which Tenant shall repair and maintain). In addition, Landlord agrees to pay to Tenant an amount (the "Replacement Payment") equal to the unamortized balance (amortized on a straight line basis over the life of the item) of Tenant's documented cost of (a) HVAC major component replacements made and paid for by Tenant during the last five years of the Term of the Lease, and (b) the last roof replacement made and paid for by Tenant at any time, if not then already amortized. The Replacement Payment shall be paid by Landlord to Tenant no earlier than one (1) year and not later than six (6) months prior to the expiration of the Term of this Lease, it being expressly understood that the Replacement Payment is a one-time payment payable at the end of the last and final term of this Lease (as opposed to being a payment due at the end of the Initial Term and then again at the end of each Extension Term, if any, hereunder).

8.2 Alterations

Tenant shall have the right to make at any time and from time to time, at its expense, alterations to the Premises and to install satellite communication and other systems on the roof or elsewhere in or on the Building, or elsewhere in or on the Premises, provided that such alterations comply with all applicable ordinances and regulations, cause no liability or damage to Landlord, and do not diminish the value of the Premises. Landlord shall have the right to review and approve (with such approval not to be unreasonably withheld and to be expeditiously considered) all such plans for exterior or structural work.

Landlord shall execute all instruments necessary or appropriate to enable Tenant to obtain all approvals (including all required variances) for such alterations and improvements from the applicable governmental authorities. All alterations, additions and improvements (other than trade fixtures and moveable property) made by Tenant to the Premises shall become the property of Landlord upon the termination of this Lease without any compensation to Tenant (except as otherwise indicated in this Lease) and shall be surrendered at such time as a part of the Premises.

8.3 Tenant's Fixtures and Signs

Any trade fixtures, furniture, equipment (including, without limitation, the compactor and fire pump), signs and moveable personal property (including, without limitation, overhead doors that were included as part of the Cost of Construction hereunder) installed in the Premises prior to or during the Term hereof shall remain Tenant's property ("Tenant's Property"). Tenant may maintain on the Premises all signs specified in Tenant's Plans and as allowed by law. Tenant may periodically hang banners or other temporary signs on the exterior of the Store. Landlord will provide Shopping Center pylon signs at the locations shown on the Site Plan, the cost of which shall be in the Cost of Construction.

ARTICLE IX **INSURANCE**

9.1 Tenant's Insurance

Tenant shall maintain "all-risk" property insurance naming Tenant, Landlord, and Landlord's mortgagee as additional insureds and covering the Building for its full replacement cost on an agreed amount basis providing protection against perils included in a standard all-risk" insurance policy. The coverage shall be equivalent to or better than the coverage of Special Form Covered Losses (CP-1030) as published by the Insurance Service Office ("ISO"). Tenant shall cause a complete copy of said policy and all renewals or extensions thereof to be delivered to Landlord.

Tenant shall maintain commercial general liability insurance against bodily injury and property damage, including contractual liability ("Tenant's General Liability Insurance"), naming the Landlord and Landlord's mortgagee as an additional insureds. Tenant's General Liability Insurance shall be in coverage limits in the amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for occurrences sustained in or upon the Store. This coverage shall be written on an occurrence form equivalent to or better than the Occurrence Form (CG 0001) published by the ISO.

Provided Tenant has a net worth of \$100,000,000 or more, Tenant shall have the right to self-insure and/or maintain deductibles for any property damage and general liability insurance required of Tenant in this Lease. Upon Landlord's periodic request, Tenant shall advise Landlord of Tenant's then current net worth, self-insured and deductible amounts. If Tenant elects to self-insure, Tenant shall give written notice to Landlord of its election to self-insure. All self-insured claims shall be adjusted and settled as expeditiously as if the insurance were provided by a commercial insurer. Further, Tenant shall provide and pay all costs, expenses and fees (including reasonable attorneys fees) incurred by Landlord arising out of any claim, suit or proceeding instituted against the Landlord resulting from self-insured claims, but Landlord shall promptly notify Tenant of any claims for which Landlord feels Tenant may be responsible, and Landlord shall not settle any such claim without Tenant's consent, which shall not be unreasonably withheld.

Landlord shall maintain commercial general liability insurance ("Landlord's Common Area General Liability Insurance") naming Tenant as an additional insured for occurrences sustained in or upon any portion of the Parking and Access Areas and which are alleged to be the fault or responsibility of Landlord. Landlord's Common Area General Liability Insurance shall be in coverage limits in the amounts of \$1,000,000 per occurrence and \$2,000,000 in the aggregate for occurrences sustained in or upon any portion of the Shopping Center's Common Area. This coverage shall be written on an occurrence form equivalent to or better than the Occurrence Form (CG 0001) published by the ISO.

9.2 Insurance Coverages and Certificates

All insurance coverages referred to or described in Section 9.1 above shall be written with companies licensed to do business in the state in which the Premises are located with a financial rating of VII or better and a policyholder's rating of A or better in the latest edition of Best's Rating Guide on Property and Casualty Insurance Companies and shall provide that the carrier shall endeavor to provide to the other party and its mortgagee, if any, (if Tenant has received written notice of the identity of the mortgagee and its address) a minimum of 30 days' written notice of the cancellation, termination or alteration of the terms or limits of such coverage. Any and all property insurance coverages carried shall insure the interest of the other party as it may appear and shall contain a waiver of transfer of recovery rights in favor of such party, its agents, employees and contractors. Any liability insurance coverage carried by either party hereto shall name the other party

and, upon request, any lender of such other party as additional insured thereunder and each party hereby waives claims arising from the other party's negligence to the extent of such insurance coverage; all coverages shall specifically insure the indemnity provisions set forth in this Article. Each party shall deliver to the other party hereto the foregoing insurance policies or certificates thereof at or prior to the date that same are required to be in effect and evidence of all renewals or replacements of same not less than 30 days prior to the expiration date of such policies. All such policies may be maintained under a blanket insurance policy.

9.3 Indemnities

(a) Other than for claims arising from Landlord's negligence or willful acts, Tenant hereby defends and indemnifies Landlord and Landlord's beneficiary and mortgagee and/or any fee owner or ground lessor of the Land against all claims resulting from or in connection with any accident or occurrence in or upon the Premises in whole or in part through the use and occupancy of the Store by Tenant or any party claiming by or through Tenant (other than customers of Tenant).

(b) Other than for claims arising from Tenant's negligence or willful acts, Landlord hereby defends and indemnifies Tenant and any party claiming by or through Tenant against all claims resulting from or in connection with any accident or occurrence in or upon the Parking and Access Areas through the willful acts or negligence of Landlord (which term shall include Landlord's employees, officers, agents and contractors).

9.4 Mutual Release, Waiver of Transfer of Recovery Rights

Landlord and Tenant hereby release each other and anyone claiming through or under the other by way of transfer of recovery rights from any and all liability for any loss of or damage to property, whether or not caused by the negligence or fault of the other party. In addition, Landlord and Tenant shall cause each such insurance policy carried by them to be written to provide that the insurer waives all rights of recovery by way of transfer of recovery rights against the other party hereto in connection with any loss or damage covered by the policy.

9.5 Financial Reports

Within 30 days after filing same, Tenant shall submit to Landlord a copy of all statements and financial reports Tenant files with the Securities and Exchange Commission.

ARTICLE X
DAMAGE OR DESTRUCTION

10.1 Damage and Destruction to the Premises

If the Store is damaged by fire or other insured casualty or destroyed other than during the last three years of the Initial Term or during the term of the Tax Increment Financing Agreement applicable to the Premises, Tenant shall rebuild and restore the Store to its condition existing at the time of the casualty, and there shall be no abatement of rent or other charges. If, during the last three years of the Initial Term or during any Extension Term and at a time when the Tax Increment Financing Agreement is no longer applicable to the Premises, the Store is damaged to the extent of more than 15% of its then replacement cost (excluding foundation) or destroyed, or if the Store is damaged by a casualty not required to be insured by this Lease to the extent of a cost of reconstruction or repair more than \$500,000, Tenant may either rebuild and restore the Building or construct new improvements, or terminate this Lease by written notice of its election to Landlord within ninety (90) days after the casualty and, if rebuild is elected, Tenant shall promptly proceed to remove the damaged or destroyed building and rebuild as promptly as feasible in good faith and with diligence. If Tenant elects to terminate, Tenant shall raze the building and clear debris from the site, but Tenant shall be entitled to use insurance proceeds for the cost of that work. If Landlord receives insurance proceeds and Tenant rebuilds the Store, Landlord shall make available to Tenant all insurance proceeds to defray Tenant's costs of rebuilding the Premises. If Tenant does not rebuild the Store and this Lease is terminated, Landlord shall be entitled to retain the proceeds (less the amount used to raze and clear as provided above). Landlord shall cooperate with the obtaining of any Approvals required for demolition and reconstruction of the damaged improvements, (including zoning changes and other variances that may be required). If Tenant elects to terminate, this Lease shall terminate as of the end of a 90 day period following the date Tenant gives notice of its election. If the Lease is not terminated, damage to or destruction or demolition of the Store shall not cause rent and other charges to abate.

ARTICLE XI
EMINENT DOMAIN

11.1 Termination Right

If, after the Effective Date and prior to the expiration of the term hereof, there shall be any taking under the power of eminent domain by a public or private authority or any conveyance by Landlord in lieu thereof (collectively referred to as a "taking") of any portion of the Store or of any portion of the "No Take Area" shown on the Site Plan, or a closing or realignment of any access drive into the Land and there shall be no replacement access drive reasonably acceptable to Tenant before the date of the taking, then Tenant may, at its election, terminate this Lease by giving Landlord notice of the exercise of Tenant's

election within thirty (30) days after Tenant shall receive notice of such taking. If Tenant terminates under the provisions of this Section, this Lease and the term hereof shall cease and terminate as of the date of such taking subject to the right of Tenant, at its election, to continue to occupy the Premises, subject to the terms and provisions of this Lease, for all or such part, as Tenant may determine of the period between the date of such taking and the date when actual possession of the area taken shall be delivered to the condemning authority, and any unearned rent or other charges, if any, paid in advance, shall be refunded to Tenant.

11.2 Restoration

In the event of a taking in respect of which Tenant shall not have the right to elect to terminate this Lease or, having such right, shall not elect to terminate this Lease, this Lease and the term thereof shall continue in full force and effect, and Tenant at Tenant's sole cost and expense, shall promptly and diligently proceed to restore the Premises to an architectural whole which shall in Tenant's reasonable opinion be suitable for Tenant's business operations. An equitable proportion of the Base Rent reserved hereunder and any other charges payable by Tenant hereunder, according to the nature and extent of the injury to the Premises and to Tenant's business, shall be abated until the completion of such restoration unless Tenant shall receive an award for such taking equivalent to Tenant's injury. If Tenant elects to continue this Lease without restoration, an equitable portion of the Base Rent and other charges shall be abated for the remainder of the Term of this Lease, unless Tenant shall receive an award for such taking equivalent to Tenant's injury.

11.3 Award

Each party shall be entitled to prosecute all claims available to it as a result of the eminent domain action.

11.4 Termination

If this Lease terminates as the result of the provisions of this Article, the parties, effective as of such termination, shall be released, each to the other, from all liability and obligations thereafter arising under this Lease, but claims then already filed or indemnities which by the terms hereof survive the termination of this Lease shall not be released or discharged.

ARTICLE XII
SELF HELP

12.1 Self Help

If either party defaults in the performance of any obligation imposed on it by this Lease and does not cure such default within twenty (20) days (10 days in the case of a rent default) after receipt of written notice from the other party specifying the default (or does not within said period commence and diligently proceed to cure such default), the other party, without waiver of or prejudice to any other right or remedy it may have, shall have the right at any time thereafter, to cure such default for the account of the defaulting party, and the defaulting party shall reimburse the other party upon invoice for any amount paid and any expense or contractual liability so incurred together with interest thereon at the rate ("Default Rate") of two (2%) percent above the then current "prime" lending rate as periodically published in The Wall Street Journal. Subject to Section 13.4 hereof, Tenant shall have the right to offset the amount due with interest at the Default Rate against Base Rent and other charges due from Tenant to Landlord under this Lease if Landlord does not reimburse Tenant within ten (10) days after Tenant's written demand. Notwithstanding the foregoing, Tenant shall have no right to offset Tenant's expenses incurred in curing any default hereunder as against the holder of any mortgage, deed to secure debt or deed of trust on the Premises of which Tenant has received notice from Landlord unless Tenant gives such holder not less than thirty (30) days prior written notice of such default, and such holder fails to cure or cause Landlord to cure said default. In the event of emergencies, or where necessary to prevent injury to persons or damage to property, either party may cure a default by the other before the expiration of the waiting period, but after giving written or oral notice to the other party as is practical under all of the circumstances.

ARTICLE XIII
DEFAULT

13.1 Remedies Upon Tenant's Default

If Tenant defaults in the payment of rent or other charges and the default continues for ten (10) days after written notice to Tenant, and Tenant shall not thereafter cure such default, then Landlord shall be entitled at its election to bring suit for the collection of the rent or other amounts for which Tenant may be in default without entering into possession or terminating this Lease, or Landlord may elect on twenty days notice to terminate this Lease unless Tenant in the intervening period pays all amounts then owed with interest at the Default Rate. Landlord shall not be obligated to give more than two rent default notices in any twelve month period, and if two are given in any twelve month period, Landlord may thereafter require that Tenant prepay rent by two months at all times. If Tenant defaults in the observance or performance of any non-monetary matter required of Tenant under

this Lease and the default continues for thirty (30) days after written notice to Tenant and Tenant shall not thereafter cure such default, (or if the non-monetary default is not susceptible of being cured in a reasonable manner within thirty (30) days, if Tenant has not commenced to cure it within the thirty (30) day period, or having commenced a cure, is not thereafter diligently prosecuting the cure to completion), Landlord shall be entitled at its election to bring suit to enforce or prevent (as the case may be) the performance of the action without entering into possession or terminating this Lease, but Landlord may not terminate this Lease. Landlord may sue for all direct non-consequential damages incurred by Landlord as a result of any such breach, but Landlord shall have the duty to take reasonable steps to mitigate damages. Landlord shall be entitled, at its election, to exercise concurrently or successively any one or more of the foregoing rights, in addition to all remedies otherwise provided in this Lease and otherwise available at law or in equity under the laws of the United States or the State in which the Premises are located, but to the extent there shall be a conflict between this Lease and such other remedies, including provisions relating to notice, this Lease shall prevail.

13.2 Remedies Upon Landlord's Default

Except as otherwise provided in this Lease, if Landlord shall at any time be in default in the observance or performance of any of the covenants and agreements required to be performed and observed by Landlord hereunder and any such default shall continue for a period of thirty (30) days after written notice to Landlord and the holder of a mortgage secured upon the Land or any part thereof (or if such default is not susceptible to being cured in a reasonable manner within thirty (30) days, if Landlord has not commenced to cure the same within said thirty (30) day period and thereafter fails to diligently prosecute the same to completion) and Landlord shall not thereafter cure such default, Tenant shall be entitled, at its election, to exercise concurrently or successively any one or more of the following rights, in addition to all remedies otherwise provided in this Lease and otherwise available at law or in equity under the laws of the United States or the State in which the Premises are located:

- (a) to bring suit for the collection of any amounts for which Landlord may be in default, or for the performance of any other covenant or agreement devolving upon Landlord, without terminating this Lease; and/or
- (b) to exercise its self-help and offset rights under Section 12.1 hereof, subject to Section 13.4 hereof.

13.3 Remedies Cumulative

Except as otherwise provided in this Lease, all remedies of Landlord or Tenant herein created are cumulative, and the exercise of one or more rights or remedies shall not be taken to exclude or waive the right to the exercise of any other. All rights and remedies

may be exercised and enforced concurrently and whenever and as often as Landlord or Tenant shall deem necessary. If either Landlord or Tenant commences any suit for the collection of any amounts for which the other may be in default or for the performance of any other covenant or agreement hereunder, the unsuccessful party shall pay the costs and expenses (including interest at the Default Rate from the date of each such expenditure), including, but not limited to, all attorneys' fees and expenses incurred through any appeal, to the successful party in enforcing such obligations and/or collecting such amounts.

13.4 Offset Escrow; Limitation on Right of Offset

Concurrently with the execution and delivery of this Lease, Landlord and Tenant shall establish an escrow (the "Offset Escrow") with Commonwealth Land Title Insurance Company ("Escrow Agent") by executing an escrow agreement in substantially the form of Exhibit H attached hereto. Landlord shall, at its option: (i) deliver to Escrow Agent for deposit into the Offset Escrow an amount equal to One Hundred Ten Thousand and No/100 Dollars (\$110,000.00) upon the Effective Date of this Lease; or (ii) deliver to Escrow Agent for deposit into the Offset Escrow monthly installments in an amount equal to Nine Thousand One Hundred Sixty-Six and 67/100 Dollars (\$9,166.67) for the first twelve (12) calendar months of the Initial Term. The funds deposited in the Offset Escrow shall be referred to herein as the "Escrow Funds". From and after the twelfth (12th) calendar month of the Initial Term, Landlord shall be obligated to maintain Escrow Funds in the Offset Escrow in an amount equal to at least \$110,000.00 (the "Minimum Funding Requirement"). Escrow Agent may be authorized to invest the Escrow Funds in a federally insured investment or account from time to time upon the sole written direction of Landlord. Interest or investment income on the Escrow Funds shall accrue to the benefit of Landlord, and shall be payable to Landlord on an annual basis less any investment fees or costs incurred or charged by Escrow Agent in connection therewith. If at the end of the twelfth (12th) calendar month of the Initial Term, the Escrow Funds held by Escrow Agent are less than the Minimum Funding Requirement, then Tenant shall have the right to offset rent and other charges payable hereunder and deposit such offset amounts with Escrow Agent until the Minimum Funding Requirement has been satisfied.

From and after the date that the Minimum Funding Requirement has been satisfied and through the remainder of the Term (except as otherwise expressly provided herein), if the right of offset is available to Tenant under any provision of this Lease resulting from the failure of Landlord to timely satisfy any payment obligation hereunder, then Tenant agrees that: (i) before it shall exercise its right of offset hereunder, Tenant shall first draw on the Escrow Funds to satisfy Landlord's obligation hereunder (and Escrow Agent shall be authorized to disburse all or any portion of the Escrow Funds to Tenant upon receipt of a draw request therefor); and (ii) if the Escrow Funds are insufficient to fully satisfy Landlord's payment obligation hereunder, then Tenant shall have the right to exercise its right of offset hereunder; provided, however, Tenant's monthly offset may not thereafter

exceed an amount equal to five percent (5%) of the annual rent then payable hereunder until such obligation is fully satisfied. Tenant's draw requests with respect to the Offset Escrow shall be in the form of a written certification to Landlord and Escrow Agent setting forth the amount of the draw request and a reasonably detailed statement of the payment obligation under this Lease that Landlord failed to satisfy which gave rise to Tenant's right of offset. In addition, Tenant's draw request certification shall be accompanied by reasonable supporting documentation with respect to fees and costs incurred by Tenant in connection with the applicable Landlord default.

Notwithstanding anything in this Section 13.4 to the contrary: (i) Landlord shall have ninety (90) days following any Tenant draw on the Escrow Funds to redeposit an amount with Escrow Agent that will be sufficient to satisfy the Minimum Funding Requirement, failing which Tenant shall have the right to offset rent and other charges payable hereunder and deposit such offset amounts with Escrow Agent until the Minimum Funding Requirement has been satisfied without regard to the foregoing monthly limitation; and (ii) the foregoing monthly offset limitation provided in clause (ii) of the immediately preceding grammatical paragraph shall not be applicable at all during the last twelve (12) months of the Term.

ARTICLE XIV COVENANT OF QUIET ENJOYMENT

14.1 Covenant of Quiet Enjoyment

Landlord covenants and warrants that as of the Effective Date, Landlord is the true and lawful owner of the Land subject only to those matters (the "Permitted Exceptions") set forth in Exhibit E to this Lease and has good right and full power to lease the Land. Landlord agrees that Tenant shall, subject to the terms of this Lease, quietly and peaceably hold, possess and enjoy the Premises and the use of the Parking and Access Areas upon the terms set forth herein for the full term of this Lease, or any extension thereof, and further, Landlord shall defend the title to the Land and the Parking and Access Areas and Tenant's use and occupancy of them against the claims of all persons, except those claiming by or through Tenant. Nothing contained herein shall prohibit Landlord from mortgaging the Premises.

ARTICLE XV LEASE SUPERIOR

15.1 Landlord's Mortgage

As used herein, "mortgage" shall include mortgages, deeds of trust, deeds to secure debt or other similar instruments, and any modifications, extensions, renewals and/or replacements of same. With respect to mortgages existing on the Land on the

Effective Date, Landlord shall obtain either a subordination of the mortgage or a nondisturbance and lease recognition agreement, and if one of the foregoing is not executed by each lender in form and substance reasonably satisfactory to Tenant on or before the Effective Date, Tenant shall have no obligation to execute this Lease despite any commitments made by Landlord to lenders or third parties. Unless Landlord expressly notifies Tenant in writing of the identity of the holder of any mortgage existing on the Land as of the date of this Lease, it shall be deemed that Landlord has warranted there is no mortgage on the Land which would or could be superior to this Lease. If at any time after the Effective Date Landlord executes a mortgage on the land, Tenant shall subordinate this Lease to the mortgage if the mortgagee and Tenant execute a non-disturbance agreement in substantially the form attached hereto as Exhibit F.

ARTICLE XVI TRANSFERS BY LANDLORD

16.1 Transfers of Landlord's Interest

No transfer or sale of Landlord's interest hereunder shall release Landlord from any of its obligations or duties hereunder accruing prior thereto. Landlord shall be released of any ongoing obligations hereunder from and after the date of such transfer only upon the express, written assumption of all such obligations and duties by the transferee of Landlord. Nothing in this Section 16.1 shall limit, modify, waive, release, terminate or otherwise affect the terms of Section 17.20 hereof.

16.2 Landlord's Liability

Tenant shall look solely to the estate and interest (including income stream) of Landlord in and to the Shopping Center for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord, and no other property or assets of Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to either this Lease, the relationship of Landlord and Tenant hereunder or Tenant's use and occupancy of the Premises; Tenant may set off the amount of any judgment obtained by Tenant against Landlord against any amounts payable by Tenant under this Lease. Notwithstanding any other provisions of this Lease, Tenant agrees that the obligations of Landlord hereunder shall not constitute a personal obligation of the trustees, shareholders, general or limited partners, joint venturers, officers, directors, agents, employees or other representatives or owners of any business entity which at any time constitutes the Landlord named herein or any part of the Landlord named herein.

ARTICLE XVII
MISCELLANEOUS

17.1 Holding Over

If Tenant occupies the Premises after the expiration of the term of this Lease or any renewal or extension thereof, or any earlier termination provided or permitted by this Lease, without the consent of Landlord, such tenancy shall be from month-to-month at 150% of the rent reserved for the period then just ended, but such continued occupancy shall not defeat Landlord's right to possession of the Premises.

17.2 Non-Waiver of Default

No acquiescence by either party to any default by the other party hereunder shall operate as a waiver of its rights with respect to any other breach or default, whether of the same or any other covenant or condition.

17.3 Recording

This Lease shall not be recorded. A short form or memorandum of this Lease ("Memorandum of Lease") shall be executed and acknowledged by the parties in substantially the form of Exhibit G to this Lease, describing the Premises and setting forth the term of this Lease, and the Memorandum of Lease may be recorded by either party no earlier than the Effective Date at the cost and expense of the party requesting such recording.

17.4 Notice

All notices, requests, demands or other communications ("Notices") hereunder shall be in writing and given by delivery by national overnight courier (e.g., Fed Ex, UPS, Airborne) and shall be effective on the day of receipt or refusal by the intended recipient as shown on the records of the courier; all Notices (and copies as shown) shall be addressed as shown below or at such other address as may be specified from time to time in writing by either party:

- (a) If to Tenant: Home Depot U.S.A., Inc.
2455 Paces Ferry Road
Atlanta, Georgia 30339-9998
Attn: Vice President - Legal
Fax No. (770) 431-2739
Telephone (770) 431-2737

Copy to: Altman, Kritzer & Levick, Ltd.
1101 Perimeter Road, Suite 700
Schaumburg, IL 60173
Attention: Gregg M. Dorman, Esq.
Fax No. (847) 240-0344
Telephone (847) 240-0340

(b) If to Landlord: MG Development Limited Partnership
c/o Arrow Lumber Co.
5820 South Ashland Avenue
Chicago, Illinois 60636
Fax No. (773) 434-0212
Telephone (773) 434-8500

Copy to: James R. Sneider, Esq.
550 Frontage Road
Suite 3610
Northfield, IL 60093
Fax No. (847) 784-0185
Telephone (847) 784-0020

17.5 Successors and Assigns

All covenants, promises, conditions, representations and agreements herein contained shall be binding upon, apply, and inure to the parties hereto and their respective heirs, executors, administrators, successors (including subtenants), and permitted assigns.

17.6 Partial Invalidity

If any provision of this Lease or the application thereof to any person or circumstance shall to any extent be held invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

17.7 Interpretation

In interpreting this Lease in its entirety, any additions or deletions written, drawn or typed thereon shall be given equal weight, and there shall be no inference, by operation of law or otherwise, that any provision of this Lease shall be construed against either party hereto. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this Lease to be drafted.

17.8 Headings, Captions and References

The section captions contained in this Lease are for convenience only and do not in any way limit or amplify any term or provision hereof. The use of the terms "hereof", "hereunder" and "herein" shall refer to this Lease as a whole, inclusive of the Exhibits or Schedules, except when noted otherwise. The use of the masculine or neuter genders herein shall include the masculine, feminine and neuter genders and the singular form shall include the plural when the context so requires. References to an Exhibit or Schedule shall incorporate herein by reference all material contained in or which is a part of the Exhibit or Schedule.

17.9 Brokerage Commissions

Landlord and Tenant each warrants and represents to the other that there are no brokers', finders' fees or any real estate commissions due to any broker, agent or other party in connection with the negotiation or execution of this Lease. Landlord and Tenant each hereby indemnify and hold the other harmless from and against any and all costs, expenses (including attorneys' fees), liabilities, and causes of action arising from any inaccuracy in the foregoing indemnity.

17.10 Governing Law

This Lease shall be construed under the laws of the State in which the Premises are located.

17.11 Tenant's Right to Mortgage

Tenant shall at all times have the right to encumber by sale-leaseback, mortgage, deed of trust, or other instrument in the nature thereof as security for any debt, all of Tenant's right, title and interest hereunder including, without limiting the generality of the foregoing, its right to use and occupy the Premises together with its rights and interests in and to all buildings, improvements, and fixtures now or hereafter placed on the Premises; in all respects, however, subordinate and inferior to Landlord's rights, title, privileges, liens and interests as provided in this Lease; provided that Tenant shall, in no event, have the right to, in any way, encumber Landlord's fee simple title and reversionary interest in and to the Land. The right to mortgage set forth herein shall include the right to mortgage Tenant's leasehold interest in the Premises in connection with a "sale-leaseback" of said leasehold interest.

17.12 Waiver of Landlord's Lien

For so long as Home Depot U.S.A., Inc., its parent or any of its subsidiaries or affiliates is the tenant under this Lease, Landlord hereby waives in favor of Tenant its

landlord's lien for rent against any and all of the property of Tenant, its parent, subsidiaries or affiliates to the extent provided in the applicable laws, regulations or ordinances in the jurisdiction where the Premises are located.

17.13 Effective Date

The submission of this Lease shall not constitute an offer to lease nor a binding commitment to do so. This Lease shall not be deemed effective nor executed for the purpose of binding either party hereto unless and until the date ("**Effective Date**") it is signed by Landlord and Tenant and a fully executed copy is delivered to and received by each of them.

17.14 Force Majeure

Whenever a party is required to perform an act under this Lease by a certain time, said time shall be deemed extended so as to take into account events of force majeure. As used herein "**force majeure**" or "**force majeure event**" shall mean a delay in a party's reasonable performance hereunder due to act of God, fire, earthquake, flood, explosion, war, invasion, insurrection, riot, mob violence, strikes, laws or orders of governmental, civil, military or naval authorities, or any other cause, whether similar or dissimilar to the foregoing, not within such party's control, other than lack of or inability to procure monies to fulfill its commitments and obligations under this Lease. The parties shall promptly notify each other of the occurrence of any event that the notifying party deems to be a force majeure event.

17.15 Transfer Tax

Landlord shall pay any transfer or conveyance tax payable to any governmental taxing authority, including the County in which the Premises are located, by reason of the execution of this Lease and/or recordation of a memorandum hereof. This obligation shall survive the expiration or earlier termination hereof.

17.16 Estoppel Certificate

Each party (as "**responding party**") shall at any time upon not less than ten (10) days prior written notice from the other party ("**requesting party**") execute, acknowledge and deliver to the requesting party a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or

encumbrancer of the Premises or of the business of the requesting party. Failure to deliver such statement within such time may be declared by the requesting party to be a default of this Lease.

17.17 Surrender of Premises

At the expiration or sooner termination of the term of this Lease, Tenant shall surrender the Premises in the same condition as they existed at delivery of possession under this Lease, in broom clean condition, reasonable wear and tear, and condemnation and casualty excepted, and shall surrender all keys for the Premises to Landlord at the place then fixed for the payment for rent and shall inform Landlord of all combinations on locks, safes and vaults, if any, in the Premises. Tenant shall at such time remove all Tenant's Property, as well as any alterations or improvements, if requested to do so by Landlord, and shall repair any damage to the Premises caused thereby, and any or all of such property not so removed shall be deemed abandoned. Tenant's obligations under this Section 17.17 shall survive the expiration or other termination of the term of this Lease.

17.18 TIF Agreement

Landlord acknowledges that the Premises is located in a redevelopment area or district established pursuant to the tax increment financing statutes of the State of Illinois, and that Tenant has executed a tax increment financing (redevelopment) agreement ("TIF Agreement") with the City of Chicago, Illinois in connection with the development of the Premises, a copy of which Landlord acknowledges having received and reviewed. Landlord acknowledges that Tenant's compliance with the terms of the TIF Agreement shall in no event constitute a default hereunder in the event of any conflict between the terms of the Lease and the terms of the TIF Agreement. Landlord shall not knowingly violate any provision of the TIF Agreement including, without limitation, any non-discrimination provision therein.

17.19 Covenants, Conditions, Easements and Restrictions

During Tenant's period of ownership of the Land and property adjacent thereto (comprising the Shopping Center in which the Premises are located) prior to the execution of this Lease, Tenant executed certain documents (the "Title Documents") containing various covenants, conditions, easements and restrictions both benefitting and burdening the Land and the owner thereof (as more particularly described in the deed whereby Tenant conveyed title to the Land to Landlord) including, without limitation: (i) a Reciprocal Easement and Operation Declaration recorded on February 11, 1997 as Document No. 97-098471; (ii) a Reciprocal Easement Agreement and Declaration of Restrictive Covenants between Aetna Casualty and Surety Company and Seller recorded on November 5, 1996 as Document No. 96844596; and (iii) a Pylon Sign Agreement with Aetna Casualty and

Surety Company recorded on _____, 1997 as Document No. _____. Landlord acknowledges having received and reviewed copies of all of the Title Documents, and Landlord accepts the Title Documents and agrees to be bound thereby and to fulfill the obligations imposed on the owner of the Land subject thereto, except as otherwise expressly provided therein. The terms of this Lease shall in all events prevail over the terms of the Title Documents. If there is any action required of Landlord under the Title Documents and Landlord fails to timely take such action, Tenant may, but need not, take such action, and Tenant shall be entitled, within ten (10) days after demand therefor, to reimbursement from Landlord of 110% of the expenses incurred by Tenant in taking such action, failing which reimbursement Tenant may offset the amount demanded against rent and other charges hereunder, subject to the terms of Section 13.4 hereof.

17.20 Repurchase Agreement

Landlord and Tenant acknowledge that at the closing of the sale of the Premises by Tenant to Landlord, Landlord and Tenant executed a Repurchase Agreement whereby Tenant has the right to repurchase the Premises in the event of a sale (as defined in the Repurchase Agreement) of the Premises within a period of five (5) years after said closing as more particularly described therein. Tenant's repurchase right is a covenant which shall run with the Land for said 5-year period and which right shall be superior and paramount to the lien of any mortgage affecting the Premises.

TEXT OF LEASE ENDS HERE; SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, this Lease has been executed by Landlord and Tenant as of the day and year first above written.

LANDLORD: MG DEVELOPMENT LIMITED PARTNERSHIP,
an Illinois limited partnership

By: MG Development, Inc.,
an Illinois corporation,
its general partner

By: _____
Name: _____
Title: _____

TENANT: HOME DEPOT U.S.A., INC.,
a Delaware corporation

By: _____
Name: _____
Title: _____

EXHIBIT B TO LEASE

LEGAL DESCRIPTION OF THE LAND

Final subdivided legal description to be provided
by Tenant at the time of execution hereof

EXHIBIT C TO LEASE

SIGN PLANS

Signage on the pylon signs shall be as described in the Reciprocal Easement and Operation Declaration and Pylon Sign Agreement described on Exhibit E attached hereto, and Tenant shall have all of the signage rights available to the owner of the Land in said documents. Tenant shall maintain the pylon signs and/or Tenant's signs thereon after initial installation in accordance with the terms of said documents.

EXHIBIT D TO LEASE

BASE RENT SCHEDULE

<u>Period</u>	<u>Annual</u>	<u>Monthly</u>
Initial Term (Effective Date through the last day of 20th Lease Year)	\$1,394,760.00*	\$116,230.00
1st Extension Term	\$1,434,048.00**	\$119,504.00
2nd Extension Term	\$1,505,750.40	\$125,479.20
3rd Extension Term	\$1,581,037.92	\$131,753.16
4th Extension Term	\$1,660,089.82	\$138,340.81
5th Extension Term	\$1,743,094.31	\$145,257.86
6th Extension Term	\$1,830,249.03	\$152,520.75

* - Landlord and Tenant acknowledge that the Base Rent figure for the Initial Term shown above includes an annual amount equal to \$29,000.00 (herein referred to as the "Base Rent Substitution Component"). Landlord and Tenant acknowledge and agree that in no event shall Tenant be liable for the payment of the Base Rent Substitution Component in the aggregate during the Initial Term in excess of Five Hundred Eighty Thousand and No/100 Dollars (\$580,000.00). Upon Tenant's satisfaction of the foregoing aggregate amount of Base Rent Substitution Component during the Initial Term, the annual and monthly amounts of Base Rent for the Initial Term shall be automatically modified to \$1,365,760 and \$113,813.33, respectively, and Tenant shall thereafter no longer be obligated to pay the Base Rent Substitution Component for the balance of the Initial Term or during any Extension Term.

** - This figure represents 105% of the Base Rent of \$1,365,760, which is the Base Rent for the Initial Term excluding the Base Rent Substitution Component

EXHIBIT E TO LEASE

PERMITTED TITLE EXCEPTIONS

1. The Reciprocal Easement and Operation Declaration dated January 15, 1997 made by Seller and recorded in the Office of the Recorder of Deeds for Cook County, Illinois on February 11, 1997 as Document No. 97-098471.
2. Any plat of consolidation and plat of subdivision of the Original Parcel (as defined in the Option Agreement) including, without limitation, the terms and conditions thereon, approved by the City of Chicago and subdividing the Land into one separate legal parcel.
3. Access Agreement dated June 19, 1996 between Seller and Joseph T. Ryerson and Son, Inc. and recorded in the Office of the Recorder of Deeds for Cook County, Illinois on June 28, 1996 as Document No. 96501585.
4. Reciprocal Easement Agreement and Declaration of Restrictive Covenants between Aetna Casualty and Surety Company and Seller recorded in the Office of the Recorder of Deeds for Cook County, Illinois on November 5, 1996 as Document No. 96844596.
5. Public and utility easements required to provide all necessary utility services to the HD Store.
6. The terms of the TIF Agreement (as defined in the Lease).
7. Pylon Sign Agreement dated _____, 1997 between Seller and Aetna Casualty and Surety Company recorded in the Office of the Recorder of Deeds for Cook County, Illinois on _____, 1997 as Document No. _____.
8. Repurchase Agreement dated _____, 1997 between Landlord and Tenant.

EXHIBIT F TO LEASE

NON-DISTURBANCE AND RECOGNITION AGREEMENT

This Agreement made this ____ day of _____, 199__ is by and among:
Mortgagee: _____, a _____ corporation,
having its principal office at _____

Landlord: MG Development Limited Partnership, an Illinois limited partnership
having its principal office at 1111 East 87th Street, Chicago, Illinois 60619; and
Tenant: Home Depot U.S.A., Inc., a Delaware corporation, having its principal office
at 2455 Paces Ferry Road, Atlanta, GA 30339.

RECITALS:

A. WHEREAS, Tenant is tenant under that certain Lease executed by Landlord and Tenant dated _____, 1997 ("Lease"), covering the land, building and site improvements ("Demised Premises") located in the City of Chicago, Illinois and more particularly described on **Exhibit A** attached hereto; and

B. WHEREAS, Mortgagee is the holder of a certain Mortgage from Landlord dated _____, 199_ and recorded _____, 199_ as Document No. _____ in the Recorder's Office of _____ County which mortgage ("**Mortgage**") encumbers the Demised Premises; and

C. WHEREAS, Tenant has requested that Mortgagee confirm that it will not disturb Tenant's possessory rights in the Demised Premises if Mortgagee should foreclose its Mortgage, provided Tenant is not in default under the Lease and Tenant attorns to Mortgage or the purchaser at any such foreclosure sale; and

D. WHEREAS, Mortgagee and Tenant are willing to so agree on the terms and conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration each to the other in hand paid, and the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The Lease is and shall be subject and subordinate in all respects to the Mortgage and to any renewal, modification, replacement or extension of same and to any subsequent mortgage with which the Mortgage may be spread and/or consolidated.

2. If Tenant complies with this Agreement and is not in default under the terms of the Lease in the payment of rent or additional rent or the performance of any of the terms, conditions, covenants, clauses or agreements on its part to be performed under the Lease as of the date Mortgagee commences a foreclosure action or at any time thereafter, no default under the Mortgage, as modified, extended, increased, spread or consolidated, and no proceeding to foreclose the same will disturb Tenant's possession under the Lease, and the Lease will not be affected or cut off thereby (except to the extent that any right to receive or set off any monies or obligations owed or to be performed by the then landlord under the Lease shall not be enforceable thereafter against Mortgagee or any subsequent owner), and notwithstanding any such foreclosure or other acquisition of the Demised Premises by Mortgagee or any other party acquiring the Demised Premises upon foreclosure sale (such Mortgagee or subsequent owner by purchase at foreclosure or by deed in lieu of foreclosure to Mortgagee and conveyance by Mortgagee thereafter, all being referred to generically herein as "New Owner"), the Lease will be recognized as a direct lease from New Owner, except New Owner shall not:

- (a) be liable for any previous act or omission of Landlord;
- (b) be subject to any offset which shall theretofore have accrued to Tenant against Landlord;
- (c) have any obligation with respect to any security deposit at any time made under the Lease unless such security has been physically delivered to Mortgagee (the parties acknowledging that as of the date of this Agreement there is no security deposit);
- (d) be bound by any previous modification of the Lease or by any previous prepayment of fixed rent for a period greater than one (1) month, unless such modification or prepayment shall have been expressly approved in writing by Mortgagee;
- (e) be bound or liable under any provision in the Lease whereby Landlord assumed the obligations of Tenant under any lease previously executed by Tenant covering space in other buildings; or
- (f) disburse the proceeds of hazard or casualty insurance or eminent domain proceedings other than as provided in the Lease.

3. Any provision of this Agreement to the contrary notwithstanding, Mortgagee shall have no obligation, and incur no liability, with respect to the construction and completion of the building in which the Demised Premises are a part or any improvements for Tenant's use and occupancy.

4. At the time New Owner obtains title to the Demised Premises, Tenant's right to receive or set off any monies or obligations owed or to be performed by the prior Landlord shall not be enforceable against New Owner; Tenant fully reserves all such rights against Landlord. New Owner agrees to use reasonable efforts to notify Tenant of its acceptance of title, but Tenant shall have no obligation to New Owner until Tenant receives actual, written notice of New Owner's identity.

5. Tenant agrees to attorn to and accept New Owner as Landlord under the Lease for the then remaining term of the Lease, and such attornment shall be effective and self-operative without the execution of any further instruments by Tenant or New Owner upon New Owner succeeding to the interest of the Landlord under the Lease.

6. New Owner shall be bound to Tenant under all of the terms, covenants and provisions of the Lease for the remainder of the term thereof (including Extension Terms if Tenant elects or has elected to exercise its options to extend the term); provided, however, that New Owner shall not be:

- (a) liable for any act or omission of any prior landlord (including Landlord) that is not then continuing under the Lease, but if there is then continuing (i.e., at the time of assumption of title by New Owner) an act or omission, Tenant may assert against New Owner any offset or other defense pertaining to that act or omission to the extent of the offset arising after New Owner's assumption of title;
- (b) bound by any base rent, percentage rent, additional rent or any other amounts payable under the Lease which Tenant might have paid in advance for more than the current month to any prior landlord (including Landlord);
- (c) liable to refund or otherwise account to Tenant for any security deposit not actually paid over to such new owner by Landlord;
- (d) bound by or liable for any breach of any representation or warranty or indemnity agreement contained in the Lease or otherwise made by any prior landlord (including Landlord); or
- (e) personally liable for damages for its failure to perform any such term, covenant or provision, but Tenant may, in addition to all other remedies it may have, set off against the rents and any other amounts owed under the Lease as they accrue, any judgment which Tenant may have against New Owner.

7. Tenant hereby agrees that from and after the date hereof if any act or omission by Landlord under the Lease would give Tenant the right, either immediately or after the lapse of a period of time, to terminate the Lease, or to claim a partial or total eviction, Tenant will not exercise any such right until the later of (a) fifteen days after Tenant has given written notice of such act or omission, by registered mail, return receipt requested, addressed to Mortgagee, at the address shown on the first page or at the last address of Mortgagee furnished to Tenant in writing, or (b) the expiration of any cure period Landlord has under the Lease to remedy such act or omission. Mortgagee, at its option, may negate Tenant's right to terminate by commencing and continuing good faith efforts to remedy such act or omission of Landlord.

8. Tenant will neither offer to nor prepay rent for a period in excess of one month without the express consent in writing of Mortgagee. Tenant will not modify

the Lease in any manner without the Mortgagee's express written consent, which consent shall not be unreasonably withheld or delayed.

9. Nothing contained in this Agreement shall in any way impair or affect the lien created by the Mortgage.

10. No modification, amendment, waiver or release of any provision of this Agreement or any right, obligation, claim or cause of action arising hereunder shall be valid or binding for any purpose whatsoever unless in writing and duly executed by the party against whom the same is sought to be asserted.

11. This Agreement shall inure to the benefit of the parties hereto and their successors and assigns. All rights, obligations and liabilities of Mortgagee under this Agreement shall inure to and devolve upon the party to whom Mortgagee's interest is assigned or transferred.

12. Tenant agrees that this Agreement satisfies any condition or requirement in the Lease relating to the granting of a nondisturbance agreement.

13. Landlord agrees for itself, its successors and assigns that (a) this Agreement does not constitute a waiver by the Mortgagee of any of its rights under the Mortgage and (b) this Agreement does not in any way release the Landlord from its obligations to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Mortgage, (c) that the provisions of the Mortgage remain in full force and effect and must be complied with by the Landlord thereunder, and (d) this Agreement does not in any manner except as expressly stated herein modify the Lease.

14. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15. Anything to the contrary in this Agreement notwithstanding, the parties hereto acknowledge and agree that nothing contained in this Agreement shall in any way limit, modify, release, waive, terminate or otherwise adversely affect the rights of Tenant to repurchase the Premises pursuant to the terms of that certain Repurchase Agreement between Landlord and Tenant dated _____, 1997 as more particularly described therein, which rights are and shall remain superior and paramount to the Mortgage and to any renewal, modification, replacement or extension of same and to any subsequent mortgage with which the Mortgage may be spread and/or consolidated.

TEXT OF AGREEMENT ENDS HERE; SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives effective as of the day and year first above written.

Landlord
MG Development Limited Partnership

Tenant
Home Depot U.S.A., INC.

By _____

By _____

Name: _____

Name: _____

Title: Its General Partner

Title _____

MORTGAGEE

By: _____

Name: _____

Title: _____

EXHIBIT A TO NON-DISTURBANCE AND RECOGNITION AGREEMENT

LEGAL DESCRIPTION

EXHIBIT G TO LEASE

**THIS DOCUMENT WAS
PREPARED BY AND
AFTER RECORDING
RETURN TO:**

Gregg M. Dorman, Esq.
Altman, Kritzer & Levick, Ltd.
1101 Perimeter Drive
Suite 700
Schaumburg, Illinois 60173

PROPERTY ADDRESS:

Above space for Recorder's use

MEMORANDUM OF LEASE

This Memorandum of Lease is dated _____, 199_, by and between **MG DEVELOPMENT LIMITED PARTNERSHIP ("Landlord")** and **HOME DEPOT U.S.A., INC. ("Tenant")** for and in consideration of the sum of one dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are acknowledged.

RECITALS OF FACT

1. Landlord and Tenant have executed a Lease ("**Lease**") dated _____, 199_.
2. As of the date of this Memorandum of Lease, the Lease is in full force and effect.
3. The Lease demised, and by these premises, Landlord does hereby lease and demise to Tenant, and Tenant does hereby lease and rent from Landlord, the Premises described in the Lease, the legal description of the Land portion of which is shown in **Exhibit A** attached hereto and incorporated herein by reference.
4. The Initial Term of the Lease is for twenty Lease Years (as defined in the Lease) and Extension Terms as specified in the Lease.
5. This Memorandum does not modify or affect any of the terms or provisions of the Lease, all of which remain in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum of Lease effective the day and year first written above.

LANDLORD:

TENANT:

MG Development Limited Partnership

HOME DEPOT U.S.A., INC.

By: _____

By: _____

Name: _____

Name: _____

Title: Its General Partner

Title: _____

EXHIBIT A TO MEMORANDUM OF LEASE
LEGAL DESCRIPTION OF LAND

Exhibit H To Lease

ESCROW AGREEMENT

THIS AGREEMENT (hereinafter, the "Agreement") made and entered into this ___ day of _____, 199__ by and between **MG DEVELOPMENT LIMITED PARTNERSHIP**, an Illinois limited partnership ("Landlord"), **HOME DEPOT U.S.A. INC.**, a Delaware corporation ("Tenant") and **COMMONWEALTH LAND TITLE INSURANCE COMPANY** (hereinafter referred to as "Escrow Agent");

WITNESSETH:

Escrow Agent agrees to hold the deposit pursuant to the terms of that certain Lease (the "LEASE") between Tenant and Landlord, subject to the following conditions:

1. The Escrow Agent is employed under this Agreement and the LEASE in a ministerial capacity only, and shall act only upon the written instructions of Tenant and/or Landlord as provided in Section 13.4 of the LEASE and shall not be liable to any party for loss or damage resulting therefrom.
2. If there is any dispute among the parties hereto as to whether the Escrow Agent shall disburse any funds, documents, or instruments held hereunder and/or under the LEASE, the Escrow Agent may either: (a) hold such items until receipt of an authorization in writing signed by all persons having an interest in said dispute; or (b) file a suit in interpleader in a court of competent jurisdiction, tender such items into court, and obtain an order requiring the parties to litigate their several claims among themselves, upon which event the Escrow Agent shall ipso facto be released and discharged from all obligations and duties under the LEASE and this Agreement.
3. Landlord and Tenant shall jointly and severally indemnify and hold the Escrow Agent harmless from and against any and all claims, liability, loss, cost, and expense (including reasonable attorneys' fees and court costs) arising from the performance of the Escrow Agent hereunder, except for any such claim, action or proceeding resulting in a final determination that the Escrow Agent by its own bad faith, negligence, or willful misconduct breached the terms hereof. In the event that such costs or expenses are incurred by the Escrow Agent, the Escrow Agent shall be entitled to reimburse itself out of any funds held hereunder for its reasonable costs and expenses.

4. Except for any claim, action or proceeding resulting in a final determination that Escrow Agent acted in bad faith, negligently or engaged in any type of wilful misconduct, the Escrow Agent shall not be responsible for any loss or delay occasioned by the closure or insolvency of the institution with which any funds are invested in accordance with the Agreement or the LEASE, and shall have no liability for interest on such funds.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and its seal to be affixed thereto as of the day and year first written above.

ESCROW AGENT:

**COMMONWEALTH LAND TITLE
INSURANCE COMPANY**

By: _____

LANDLORD:

MG DEVELOPMENT LIMITED PARTNERSHIP

By: _____

Print Name: _____

Print Title: Its General Partner

TENANT:

HOME DEPOT U.S.A., INC.

By: _____

Print Name: _____

Print Title: _____