

## Contract Summary Sheet

**Contract (PO) Number:** 4136

**Specification Number:** 18773

**Name of Contractor:** U.S. FITNESS, LLC.

**City Department:** PLANNING & DEVELOPMENT

**Title of Contract:** Redevelopment Agreement 444 W. Jackson

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

\$2,200,000.00

**PO Start Date:** 7/25/01

**PO End Date:** 11/12/21

**Brief Description of Work:** Redevelopment Agreement 444 W. Jackson

**Procurement Services Contact Person:** BARBARA SUTTON

**Vendor Number:** 1071736

**Submission Date:**

**DEC 18 2003**

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

SECTION 2. The City intends to issue the Bonds and lend the proceeds thereof to the Borrower or an entity related to the Borrower for the purpose of financing the Project. The total principal amount of Bonds which the City intends to issue for the Project in one or more series will not exceed Six Million Six Hundred Thousand Dollars (\$6,600,000).

SECTION 3. Certain costs will be incurred by the Borrower in connection with each phase of the Project prior to the issuance of the Bonds. The City reasonably expects to reimburse such costs with proceeds of the Bonds.

SECTION 4. The costs to be reimbursed will be paid from funds of the Borrower which have been allocated to other purposes.

SECTION 5. This ordinance is consistent with the budgetary and financial circumstances of the City. No funds from sources other than the Bonds are, or are reasonably expected to be, reserved, allocated on a long-term basis or otherwise set aside by the City for the Project, costs to be paid from the proceeds of the Bonds.

SECTION 6. This ordinance constitutes a declaration of official intent under Treasury Regulations Sections 1.150-2 and 1.103-8(a)(5).

SECTION 7. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of the ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 8. This ordinance shall be effective as of the date of its passage.

---

**AUTHORIZATION FOR EXECUTION OF REDEVELOPMENT  
AGREEMENT WITH U. S. FITNESS, L.L.C.**

The Committee on Finance submitted the following report:

CHICAGO, March 7, 2001.

*To the President and Members of the City Council:*

Your Committee on Finance, having had under consideration an ordinance authorizing the execution of a redevelopment agreement with U. S. Fitness, L.L.C., having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

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

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

Respectfully submitted,

(Signed) EDWARD M. BURKE,  
*Chairman.*

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

*Yeas* -- Aldermen Granato, Haithcock, Tillman, Preckwinkle, Hairston, Lyle, Beavers, Beale, Pope, Balcer, Frias, Olivo, Coleman, L. Thomas, Murphy, Rugai, Troutman, DeVillie, Munoz, Zalewski, Chandler, Solis, Ocasio, Burnett, E. Smith, Carothers, Wojcik, Suarez, Matlak, Mell, Austin, Colom, Banks, Mitts, Allen, Laurino, O'Connor, Doherty, Natarus, Daley, Hansen, Levar, Shiller, Schulter, M. Smith, Moore, Stone -- 47.

*Nays* -- None.

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

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

The following is said ordinance as passed:

WHEREAS, Pursuant to an ordinance adopted by the City Council ("City Council") of the City of Chicago (the "City") on November 12, 1998 and published at pages 81881 -- 81975 of the Journal of the Proceedings of the City Council (the "Journal") of such date, a certain redevelopment plan and project (the "Plan") for the Canal/Congress Tax Increment Financing Redevelopment Project Area (the "Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (the "Act"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on November 12, 1998 and published at pages 81974 -- 81983 of the Journal of such date, the Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "T.I.F. Ordinance") adopted by the City Council on November 12, 1998 and published at pages 81982 -- 81991 of the Journal of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, U.S. Fitness, L.L.C., a Delaware limited liability company (the "Company"), has entered into a Building Lease with 222 Riverside Plaza Corp., covering certain portions of a building, together with the air rights leasehold parcel upon which it is situated, located at 444 West Jackson Boulevard, Chicago, Illinois (the "Facility"), and intends to commence and complete demolition of the entire interior of the Facility and rehabilitation and conversion of the existing approximately sixty-eight thousand (68,000) square feet of space into a state-of-the-art fitness and wellness center, which will include an approximately sixty thousand five hundred (60,500) square foot fitness center to be operated by the Company's affiliate, Fitness Formula, Ltd., and an approximately seven thousand five hundred (7,500) square feet to be subleased to Rush Presbyterian St. Luke's Medical Center or its affiliates ("RUSH") or to one (1) or more qualified operators ("Qualified Operator") for the purpose of RUSH, or its affiliates, or such Qualified Operator, providing wellness programs at the Facility, such Facility to be known as the Union Station Multiplex Health and Fitness Center (the "Project"); and

WHEREAS, The Company has proposed to undertake redevelopment of the Facility in accordance with the Plan and pursuant to the terms and conditions of a proposed redevelopment agreement to be executed by the Company and the City, including but not limited to the rehabilitation and conversion of the Facility and the creation and retention of jobs, to be financed in part by the issuance of the Note (defined below) by the City, which is to be repaid from a portion of the Incremental Taxes deposited in the Canal/Congress Tax Increment Financing Redevelopment Project Area Special Tax Allocation Fund (as defined in the T.I.F. Ordinance); and



WHEREAS, Pursuant to Resolution 00-CDC-32 adopted by the Community Development Commission of the City of Chicago (the "Commission") on February 29, 2000, the Commission authorized the City's Department of Planning and Development ("D.P.D.") to publish notice pursuant to Section 5/11-74.4(c) of the Act of its intention to negotiate a redevelopment agreement with the Company for the Project and to request alternative proposals for redevelopment of the Facility or a portion thereof; and

WHEREAS, D.P.D. published the notice, requested alternative proposals for the redevelopment of the Facility or a portion thereof and provided reasonable opportunity for other persons to submit alternative bids or proposals; and

WHEREAS, Since no other responsive proposals were received by D.P.D. for the redevelopment of the Facility or a portion thereof within fourteen (14) days after such publication, pursuant to Resolution 00-CDC-32, the Commission has recommended that the Company be designated as the developer for the Project and that D.P.D. be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Company for the Project; now, therefore,

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

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

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

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

SECTION 4. The City Council hereby authorizes the City to issue tax increment allocation revenue obligations in an amount not to exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) for the purpose of paying a portion of the Redevelopment Project Costs (as defined in the Act) included within the Project and relating to the Facility.

SECTION 5. There shall be borrowed for and on behalf of the City an amount not to exceed Two Million Two Hundred Thousand Dollars (\$2,200,000) for the purpose

of paying a portion of the Redevelopment Project Costs included within the Project and relating to the Facility. A note of the City shall be issued up to said amount and shall be designated "Tax Increment Allocation Revenue Note (The U.S. Fitness, L.L.C. Redevelopment Project), Taxable Series A" (the "Note"). The Note shall be dated the date of delivery thereof, and shall also bear the date of authentication, shall be in fully registered form, shall be in the denomination of the outstanding principal amount thereof and shall become due and payable as provided therein.

The Note shall bear interest at a rate of nine and zero-tenths percent (9.0%) per annum, computed on the basis of a three hundred sixty (360) day year of twelve (12) thirty (30) day months.

The principal of and interest on the Note shall be paid by check or draft of the Comptroller of the City, as registrar and paying agent (the "Registrar"), payable in lawful money of the United States of America to the persons in whose names the Note is registered at the close of business on the fifteenth (15<sup>th</sup>) day of the month immediately prior to the applicable payment date, unless the City has been directed to make such payment in another manner by written notice given to the Registrar by the registered owner at least thirty (30) days prior to the applicable payment date; provided, that the final installment of the principal and accrued but unpaid interest of the Note shall be payable in lawful money of the United States of America at the principal office of the Registrar or as otherwise directed by the City.

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

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

**SECTION 6.** The City shall cause books (the "Register") for the registration and for the transfer of the Note as provided in this Ordinance to be kept at the principal office of the Registrar, which is hereby constituted and appointed the registrar of the City for the Note. The City is authorized to prepare, and the Registrar shall keep

custody of, multiple Note blanks executed by the City for use in the transfer of the Note.

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

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

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

**SECTION 7.** The principal of the Note shall be subject to redemption as provided in the form of Note attached hereto as Exhibit B as directed by the Commissioner, the Registrar shall proceed with redemptions without further direction from the City.

**SECTION 8.** The Registrar shall state on the Payment Schedule attached to the Note the amount of any payment of principal or interest on the Note, including the amount of any redemption, and the amount of any reduction in principal pursuant

to the Redevelopment Agreement.

**SECTION 9.** The Note shall be prepared in substantially the form attached hereto as Exhibit B.

**SECTION 10.** The Note hereby authorized shall be executed as provided in this Ordinance and the Redevelopment Agreement, and thereupon be deposited with the Commissioner and be delivered by said Commissioner to the Company.

**SECTION 11. (a) Special Tax Allocation Fund.** Pursuant to the T.I.F. Ordinance, the City has created a special fund, designated as the Canal/Congress Redevelopment Project Area Special Tax Allocation Fund (the "Tax Allocation Fund"). Pursuant to the T.I.F. Ordinance, all incremental ad valorem taxes received by the City for the Area are to be deposited into the Tax Allocation Fund. Pursuant to the T.I.F. Ordinance, the Tax Allocation Fund is a segregated account, separate and apart from all other funds and accounts of the City.

**(b) The U.S. Fitness, L.L.C. Redevelopment Project Account.** There is hereby created within the Tax Allocation Fund a special account to be known as the "The U.S. Fitness, L.L.C. Redevelopment Project Account" ("Developer Account"). The City shall promptly designate and deposit into the Developer Account eighty percent (80%) of the incremental ad valorem taxes deposited into the Tax Allocation Fund, during the period commencing with the date of certification of the base equalized assessed valuation of the Area by Cook County and ending on the Maturity Date of the Note (as defined in the Note) or the date of prepayment in full of the Note (if earlier), that are attributable solely to the taxes levied on the Facility, but the total amount so deposited shall at no time exceed the amount necessary to pay all of the principal and interest required by the Note.

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

Upon payment from the Developer Account of all amounts due under the Note in accordance with its terms, any other amounts on deposit in the Developer Account shall be deposited in the Tax Allocation Fund of the City and the Developer Account shall be closed.

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

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

**SECTION 14.** Pursuant to the Redevelopment Agreement the Company has agreed to perform and complete the Project. The Company's expenditure up to the amount of Two Million Two Hundred Thousand Dollars (\$2,200,000) of eligible costs of the Project relating to the Facility shall be deemed to be a disbursement of the proceeds of the Note, and the outstanding principal amount of the Note shall be represented by the sum of advances made pursuant to a certificate of expenditure (the "Certificate of Expenditure") executed by the Commissioner (or his or her designee) and authenticated by the Registrar, in accordance with the Redevelopment Agreement, minus any principal amount paid on the Note and other reductions in principal as provided in the Redevelopment Agreement. A Certificate of Expenditure shall not be valid or obligatory under this Ordinance unless or until authenticated by the Registrar by manual signature. The City shall not execute Certificates of Expenditure that total in excess of Two Million Two Hundred Thousand Dollars (\$2,200,000). Upon execution of a Certificate of Expenditure, the Registrar shall promptly send the Certificate to the Registered Owner and retain a copy with the Register. The Certificate of Expenditure shall be in substantially the form attached hereto as Exhibit C.

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

**SECTION 16.** The provisions of this Ordinance shall constitute a contract between the City and the registered owner of the Note. All covenants relating to the Note are enforceable by the registered owners of the Note.

**SECTION 17.** The Mayor, the Comptroller, the City Clerk, the Commissioner (or his or her designee) and the other officers of the City are authorized to execute and deliver on behalf of the City such other documents, agreements and certificates and

to do such other things consistent with the terms of this Ordinance as such officers and employees shall deem necessary or appropriate in order to effectuate the intent and purposes of this Ordinance.

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

SECTION 19. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 20. This ordinance shall be in full force and effect immediately upon its passage.

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

*Exhibit "A".*  
(To Ordinance)

*Redevelopment Agreement By And Between  
The City Of Chicago And U. S. Fitness, L.L.C.*

This U. S. Fitness, L.L.C. Redevelopment Agreement (this "Agreement") is made as of this \_\_\_\_ day of \_\_\_\_\_, 2000, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("D.P.D."), and U. S. Fitness, L.L.C., a Delaware limited liability company (the "Developer").

*Recitals.*

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



**REDEVELOPMENT AGREEMENT**

BY AND BETWEEN

THE CITY OF CHICAGO

AND

U.S. FITNESS LLC

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

TABLE OF CONTENTS

	PAGE
SECTION 1. RECITALS . . . . .	3
SECTION 2. DEFINITIONS . . . . .	3
SECTION 3. THE PROJECT . . . . .	8
3.01 <u>The Project</u> . . . . .	8
3.02 <u>Scope Drawings and Plans and Specifications</u> . . . . .	8
3.03 <u>Project Budget</u> . . . . .	8
3.04 <u>Change Orders</u> . . . . .	9
3.05 <u>DPD Approval</u> . . . . .	9
3.06 <u>Other Approvals</u> . . . . .	9
3.07 <u>Progress Reports and Survey Updates</u> . . . . .	10
3.08 <u>Inspecting Agent or Architect</u> . . . . .	10
3.09 <u>Barricades</u> . . . . .	10
3.10 <u>Signs and Public Relations</u> . . . . .	10
3.11 <u>Utility Connections</u> . . . . .	10
3.12 <u>Permit Fees</u> . . . . .	10
SECTION 4. FINANCING . . . . .	10
4.01 <u>Total Project Cost and Sources of Funds</u> . . . . .	10
4.02 <u>Developer Funds</u> . . . . .	11
4.03 <u>City Funds</u> . . . . .	11
4.04 <u>Treatment of Prior Expenditures and Subsequent     Disbursements</u> . . . . .	12
4.05 <u>Cost Overruns</u> . . . . .	12
4.06 <u>Preconditions of Execution of Certificate of     Expenditure</u> . . . . .	12
SECTION 5. CONDITIONS PRECEDENT . . . . .	14
5.01 <u>Project Budget</u> . . . . .	14
5.02 <u>Scope Drawings and Plans and Specifications</u> . . . . .	14
5.03 <u>Other Governmental Approvals</u> . . . . .	14
5.04 <u>Financing</u> . . . . .	14
5.05 <u>Acquisition and Title</u> . . . . .	14
5.06 <u>Evidence of Clean Title</u> . . . . .	15
5.07 <u>Surveys</u> . . . . .	15
5.08 <u>Insurance</u> . . . . .	15
5.09 <u>Opinion of the Developer's Counsel</u> . . . . .	15
5.10 <u>Evidence of Prior Expenditures</u> . . . . .	15
5.11 <u>Financial Statements</u> . . . . .	15
5.12 <u>Documentation</u> . . . . .	15
5.13 <u>Environmental</u> . . . . .	16
5.14 <u>Organizational Documents; Economic Disclosure Statement</u> . . . . .	16
5.15 <u>Litigation</u> . . . . .	16
SECTION 6. AGREEMENTS WITH CONTRACTORS . . . . .	16



6.01	<u>Bid Requirement for General Contractor and Subcontractors</u>	16
6.02	<u>Construction Contract</u>	17
6.03	<u>Performance and Payment Bonds</u>	17
6.04	<u>Employment Opportunity</u>	17
6.05	<u>Other Provisions</u>	17
SECTION 7.	COMPLETION OF CONSTRUCTION OR REHABILITATION	17
7.01	<u>Certificate of Completion of Construction or Rehabilitation</u>	18
7.02	<u>Effect of Issuance of Certificate; Continuing Obligations</u>	18
7.03	<u>Failure to Complete</u>	18
7.04	<u>Notice of Expiration of Term of Agreement</u>	19
SECTION 8.	COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.	19
8.01	<u>General</u>	19
8.02	<u>Covenant to Redevelop</u>	21
8.03	<u>Redevelopment Plan</u>	22
8.04	<u>Use of City Funds</u>	22
8.05	<u>Other Bonds</u>	22
8.06	<u>Job Creation and Retention; Covenant to Remain in the City; Continuing Operations</u>	22
8.07	<u>Employment Opportunity; Progress Reports</u>	23
8.08	<u>Employment Profile</u>	23
8.09	<u>Prevailing Wage</u>	23
8.10	<u>Arms-Length Transactions</u>	24
8.11	<u>Conflict of Interest</u>	24
8.12	<u>Disclosure of Interest</u>	24
8.13	<u>Financial Statements</u>	24
8.14	<u>Insurance</u>	24
8.15	<u>Non-Governmental Charges</u>	24
8.16	<u>Developer's Liabilities</u>	25
8.17	<u>Compliance with Laws</u>	25
8.18	<u>Recording and Filing</u>	26
8.19	<u>Real Estate Provisions</u>	26
8.21	<u>Public Benefits Program</u>	29
8.23	<u>Survival of Covenants</u>	29
SECTION 9.	COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY	29
9.01	<u>General Covenants</u>	29
9.02	<u>Survival of Covenants</u>	29
SECTION 10.	DEVELOPER'S EMPLOYMENT OBLIGATIONS	30
10.01	<u>Employment Opportunity</u>	30
10.02	<u>City Resident Construction Worker Employment Requirement</u>	31
10.03	<u>The Developer's MBE/WBE Commitment</u>	33
SECTION 11.	ENVIRONMENTAL MATTERS	35
SECTION 12.	INSURANCE	36

SECTION 13.	INDEMNIFICATION . . . . .	40
13.01	<u>General Indemnity</u> . . . . .	40
SECTION 14.	MAINTAINING RECORDS/RIGHT TO INSPECT . . . . .	41
14.01	<u>Books and Records</u> . . . . .	41
14.02	<u>Inspection Rights</u> . . . . .	41
SECTION 15.	DEFAULT AND REMEDIES . . . . .	41
15.01	<u>Events of Default</u> . . . . .	41
15.02	<u>Remedies</u> . . . . .	43
15.03	<u>Curative Period</u> . . . . .	43
SECTION 16.	MORTGAGING OF THE PROJECT . . . . .	44
SECTION 17.	NOTICE . . . . .	45
SECTION 18.	MISCELLANEOUS . . . . .	46
18.01	<u>Amendment</u> . . . . .	46
18.02	<u>Entire Agreement</u> . . . . .	46
18.03	<u>Limitation of Liability</u> . . . . .	46
18.04	<u>Further Assurances</u> . . . . .	47
18.05	<u>Waiver</u> . . . . .	47
18.06	<u>Remedies Cumulative</u> . . . . .	47
18.07	<u>Disclaimer</u> . . . . .	47
18.08	<u>Headings</u> . . . . .	47
18.09	<u>Counterparts</u> . . . . .	47
18.10	<u>Severability</u> . . . . .	47
18.11	<u>Conflict</u> . . . . .	47
18.12	<u>Governing Law</u> . . . . .	48
18.13	<u>Form of Documents</u> . . . . .	48
18.14	<u>Approval</u> . . . . .	48
18.15	<u>Assignment</u> . . . . .	48
18.16	<u>Binding Effect</u> . . . . .	48
18.17	<u>Force Majeure</u> . . . . .	48
18.18	<u>Exhibits</u> . . . . .	49
18.19	<u>Business Economic Support Act</u> . . . . .	49
18.20	<u>Venue and Consent to Jurisdiction</u> . . . . .	49
18.21	<u>Costs and Expenses</u> . . . . .	49
18.22	<u>Business Relationships</u> . . . . .	49

## LIST OF EXHIBITS

Exhibit A	*Redevelopment Area
Exhibit B	*Property
Exhibit C	*TIF-Funded Improvements
Exhibit D	Redevelopment Plan
Exhibit E	Construction Contract
Exhibit F	[Intentionally Omitted]
Exhibit G	*Permitted Liens
Exhibit H-1	*Project Budget
Exhibit H-2	*MBE/WBE Budget
Exhibit I	Approved Prior Expenditures
Exhibit J	Opinion of Developer's Counsel
Exhibit K	*Preliminary TIF Projection -- Real Estate Taxes
Exhibit L	Approved Use Types
Exhibit M	*Form of City Note
Exhibit N	*Public Benefits Program
Exhibit O	[Intentionally Omitted]
Exhibit P	Form of Payment Bond

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

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

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

### U.S. FITNESS, LLC REDEVELOPMENT AGREEMENT

This U.S. Fitness, LLC Redevelopment Agreement (this "Agreement") is made as of this 25<sup>th</sup> day of July, 2001, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), and U.S. Fitness, LLC, a Delaware limited liability company (the "Developer").

#### RECITALS

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

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

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on November 12, 1998: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Canal/Congress Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Canal/Congress Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Canal/Congress Redevelopment Project Area" (the "TIF Adoption Ordinance") (items(1)-(3) collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Developer has entered into a Building Lease dated October 29, 1999 between Developer and 222 Riverside Plaza Corp. (the "Lease"), covering certain portions of a three story building known as and located within the Redevelopment Area at 444 West Jackson Boulevard Chicago, Illinois 60606 (such Building, together with the air rights leasehold parcel upon which it is situated, herein referred to as the "Building") and legally described on Exhibit B hereto (the "Property"), and, within the time frames set forth in Section 3.01 hereof, shall commence and complete demolition of the entire interior of the approximately 68,000 square foot Building thereon and rehabilitation and conversion of the existing space into a state-of-the-art fitness and wellness center (the "Facility") which will include (i) no less than 60,500 square feet to be operated by Fitness Formula, Ltd., ("Fitness Formula") an affiliate of Developer, pursuant to a management agreement between the Developer and Fitness Formula, (ii) up to 7,500 square feet for (a) a medical and wellness center to be operated by Rush Presbyterian St. Luke's Medical Center or an affiliate("RUSH") or other operator of an Approved Use Type listed in Exhibit L ("Qualified Operator") pursuant to a sublease between Developer and RUSH or such Qualified Operator, (b) various retail uses on the main floor of the Facility, and (c) operation of a food and beverage establishment to be located within the Facility; (iii) outdoor seating along the riverfront and (iv) public improvements as described in Section 3.01. The demolition of the existing interior and the rehabilitation of the interior of the Facility and completion of 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 Canal/Congress Redevelopment Project Area Tax Increment Financing

Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit D.

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

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

### SECTION 1. RECITALS

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

### SECTION 2. DEFINITIONS

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

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

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

"Approved Use Types" shall have the meaning set forth in Section 8.20 hereof.

"Available Incremental Taxes" shall mean an amount equal to eighty percent (80%) of the Incremental Taxes deposited in the Canal/Congress Redevelopment Project Area TIF Fund attributable to the taxes levied on the Property starting with Incremental Taxes initially deposited after the designation of the Redevelopment Area on November 12, 1998.

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

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

"Canal/Congress 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.

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

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

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

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

"City Funds" shall mean the funds paid to the Developer pursuant to the City Note.

"City Note" shall mean the taxable Tax Increment Allocation Revenue Note (Canal/Congress Redevelopment Project), Taxable Series A, to be in the form attached hereto as Exhibit M, in the maximum principal amount of \$2,200,000, issued by the City to the Developer. The City Note shall bear interest at an annual rate of nine percent (9%), which shall accrue beginning at the time the initial payment of City Funds can be made under Section 4.03 (a), and shall provide for accrued, but unpaid, interest to bear interest at the same annual rate.

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

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

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

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

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

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

"Equity" shall mean funds of the Developer (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.05 (Cost Overruns) or Section 4.03(b).

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

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

"Financial Statements" shall mean complete reviewed and reported 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.

"Fitness Formula" shall have the meaning set forth in the Recitals hereof.

"General Contractor" shall mean McShane Construction Company.

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

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into



the Canal/Congress TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

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

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

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

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

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

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

"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, as submitted to the City as the basis for obtaining building permits for the Project.

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

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

"Project Budget" shall mean the budget attached hereto as Exhibit H-1, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 hereof.

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

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

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

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

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

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

"Survey" shall mean the plat of the survey of the Property prepared by Chicago Guarantee Survey Company dated September 20, 2000 and certified to the City and the Title Company by either a note on the Survey or by a letter to the City and the Title Company.

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the later of: (a) the initial 20 year term of the Lease or (b) the date on which the Redevelopment Area is no longer in effect (through and including November 12, 2021).

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

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

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

"Title Company" shall mean Chicago Title Insurance Company.

"Title Policy" shall mean a Leasehold Owner's policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, and noting the recording of this Agreement as an encumbrance against the Property, and, previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

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

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

### SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (a) commence construction of 80% of the approximately 68,000 square foot facility no later than April 15, 2000; and (b) complete construction of 80% of the approximately 68,000 square foot Facility and conduct business operations therein no later than April 15, 2001. Prior to December 1, 2001, the Developer shall (a) commence improvement and/or reconstruction of the sidewalk adjacent to the Building along Canal Street and complete such improvement and/or reconstruction of such sidewalk within 120 days thereafter; (b) complete installation of plantings along the river side of the Building; and (c) complete installation of lighting and planters along Canal Street. Within thirty (30) days after completion of the reconstruction of the Jackson Boulevard Bridge and sidewalk, the Developer shall complete installation of planters adjacent to the Building along Jackson Boulevard.

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

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in an amount not less than Thirteen Million Eight Hundred Thousand Dollars (\$13,800,000). The Developer hereby certifies to the City that (a) it has Lender Financing and Equity in an amount sufficient to pay for all Project costs]; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any

Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD concurrently with the progress reports described in Section 3.07 hereof; provided, that any Change Order relating to any of the following must be submitted by the Developer to DPD for DPD's prior written approval: (a) a reduction in the square footage of the Facility; (b) a change in the use of the Facility to a use other than a state-of-the-art fitness and wellness center, including also, various retail uses on the main floor of the Facility, outdoor seating along the riverfront and operation of a food and beverage establishment to be located within the Facility; (c) a delay in the completion of the Project; or (d) Change Orders costing more than \$250,000 each, to an aggregate amount of \$500,000. The Developer shall not authorize or permit the performance of any work relating to such Change Orders or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders costing less than Two Hundred Fifty Thousand Dollars (\$250,000.00) each, to an aggregate amount of Five Hundred Thousand Dollars (\$500,000), do not require DPD's prior written approval as set forth in this Section 3.04, but DPD shall be notified in writing of all such Change Order in Developer's monthly report and the Developer, in connection with such notice, shall identify to DPD the source of funding therefor.

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

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

Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04).

3.08 Inspecting Agent or Architect. The Landlord's agent shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project.

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

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

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

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

#### **SECTION 4. FINANCING**

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$13,800,000, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Sections 4.03(b) and 4.05</u> )	\$9,450,000
Lender Financing	3,700,000
Tenant Improvements (Sublease space only) (incl. Furniture, Fixtures, Equipment)	650,000
<b>ESTIMATED TOTAL</b>	<b>\$ 13,800,000</b>

4.02 Developer Funds. Equity and/or Lender Financing shall be used to pay all Project costs, including but not limited to Redevelopment Project costs and costs of TIF-Funded Improvements.

4.03 City Funds.

(a) Uses of City Funds. City Funds may only be used to make payments of principal and interest on the City Note to reimburse the Developer for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be reimbursed from City Funds for each line item therein (subject to Sections 4.03(b) and 4.04(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. The initial payment of City Funds hereunder shall not be paid to Developer hereunder prior to (a) completion of 80%, and sublease of 15%, of the approximately 68,000 square foot Facility, (b) DPD's receipt of a letter from the Department of Housing, Finance, Budget and Compliance, that Developer has fully complied with Developer's pre-closing obligations under Section 10 of this Agreement and (c) an estoppel letter from the lessor under the Superior Lease referred to in Section 5.12. Developer shall provide a copy of the executed sublease or subleases prior to any payment of City Funds hereunder.

(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 issue the City Note to the Developer on the Closing Date. The principal amount of the City Note shall be in an amount equal to the costs of the TIF-Funded Improvements which have been incurred by the Developer and are to be reimbursed by the City through payments of principal and interest on the City Note, subject to the provisions hereof; provided, however, that the maximum principal amount of the City Note shall be an amount not to exceed the lesser of \$2,200,000 or sixteen percent (16%) of the actual total Project costs; and provided, however, that payments under the City Note are subject to the amount of Available Incremental Taxes deposited into the Canal/Congress TIF fund for the Redevelopment Area being sufficient for such payments. The City may, in its sole discretion, use Incremental Taxes other than Available Incremental Taxes as a source of City Funds.

4.04 Treatment of Prior Expenditures and Subsequent Disbursements.

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

(b) City Fee. Annually, the City may allocate an amount not to exceed twenty percent (20%) of the Incremental Taxes for payment of costs incurred by the City for the administration and monitoring of the Redevelopment Area, including the Project. Such fee shall be in addition to and shall not be deducted from or considered a part of the City Funds, and the City shall have the right to receive such funds prior to any payment of City Funds hereunder.

(c) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$250,000 or \$500,000 in the aggregate, may be made without the prior written consent of DPD.

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

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

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

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

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

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

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

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

(g) the Project is In Balance. The Project shall be deemed to be in balance ("In Balance") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "Available Project Funds" as used herein shall mean: (i) the undisbursed Lender Financing, if any, which may, but need not, include tenant improvements by RUSH and/or one or more Qualified Operators, as sublessee, or sublessees, under a sublease, or subleases, between the Developer and RUSH or such Qualified Operator; (ii) the undisbursed Equity and (iii) any other amounts deposited by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, will make available (in a manner acceptable to the City), cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any disbursement of the City Funds shall be made.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any execution of a Certificate of Expenditure by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall



have satisfied all other preconditions of execution of a Certificate of Expenditure, including but not limited to requirements set forth in the Bond Ordinance, if any, the Bonds, if any, the TIF Ordinances, and/or this Agreement.

## SECTION 5. CONDITIONS PRECEDENT

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

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

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

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

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

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

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches under the Developer's name (and the following trade names of the Developer: NONE) as follows:

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

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

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

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

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

5.10 Evidence of Prior Expenditures. The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.04(a) hereof.

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

5.12 Documentation. The Developer has provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters at the Building/Facility, the Lease, including an Estoppel Certificate from the lessor under the Lease, in a form satisfactory to the City, any Superior Leases, as defined in the Lease, and, within 30 days of closing, any subleases relating to the Building

Management. In addition, the Developer has provided a copy of the management agreement between the Developer and Fitness Formula with respect to the Facility/Building.

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

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

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

## **SECTION 6. AGREEMENTS WITH CONTRACTORS**

6.01 Bid Requirement for General Contractor and Subcontractors. (a) The Developer has selected the General Contractor. Prior to an agreement being entered into with any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with 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 has selected the General Contractor (or shall cause the General Contractor to select the subcontractor) submitting the lowest responsible bid who can complete the Project in a timely manner. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans

and Specifications have been approved by DPD and all requisite permits have been obtained.

(b) With respect to the Developer's agreement with the General Contractor for construction of the Project, the fee of the General Contractor proposed to be paid under the Contract shall not exceed 10% of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit competitive bids from all subcontractors.

6.02 Construction Contract. Prior to the execution hereof, the Developer shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above, for DPD's prior approval. Within ten (10) business days after execution of an amendment, modification, or supplement to the Construction Contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

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

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

6.05 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement) Section 10.03 (MBE/WBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

## **SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION**

7.01 Certificate of Completion of Construction or Rehabilitation. Upon completion of the demolition, conversion and rehabilitation activities of the Project in accordance with the terms of this Agreement, and upon the Developer's written request, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the demolition, rehabilitation and conversion of the Facility in accordance with the terms of this Agreement. DPD shall respond to the Developer's written request for a Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the demolition, rehabilitation and conversion of the Facility, 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, 8.19, and 8.20 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Developer's interest in the Property for so long as the Lease remains in effect and thereafter to the extent the Developer or its nominee or designee acquires title to the Property (other than with respect to an assignee as described in the following sentence, on whom all covenants are to be binding) throughout the Term of the Agreement notwithstanding the issuance of a Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

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

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

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

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

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

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

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

(d) unless otherwise permitted or not prohibited pursuant to or under the terms of this Agreement, the Developer shall acquire

and shall maintain a leasehold interest in the Property (and all improvements thereon), or if Developer obtains title to the Property and improvements thereon, a good indefeasible and merchantable fee simple title, free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

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

(f) to Developer's knowledge, 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 and complete the approximately 60,500 square foot fitness/wellness component of the Project and will obtain all government certificates and consents, etc., prior to its operation;

(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 and correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of the Developer, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements;

(j) prior to the issuance of a Certificate (but in any event subject to subsection (d) above), the Developer shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease, or encumber its leasehold interest in the Property with a leasehold mortgage or otherwise dispose of all or substantially all of its assets or any portion of its interest in the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business or except pursuant to a sublease which complies with the requirements of Section 8.20 hereof; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a

material and detrimental change to the Developer's financial condition. Notwithstanding the foregoing, provided an Event of Default has not occurred and is continuing under this Agreement and if the assignee complies with Section 18.15 hereof, the Developer shall have the right, with written notice to DPD no less than thirty (30) days prior to the date of such assignment, to assign the Lease, as provided therein, to any parent, subsidiary or affiliate or to a surviving business entity in connection with a merger, consolidation or acquisition between Developer and of its parent, subsidiary or affiliate ("Affiliate Transfer"); 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 or its leasehold interests in the Property (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Lease or its leasehold interests in the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget; and

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

(m) the Developer is not in default with respect to the Lease and the Lease is in full force and effect and has not been amended or terminated. Without the prior written consent of the City, the Lease will not be amended in a manner which would adversely affect the Developer's ability to perform its obligations hereunder;

(n) no sale of the Property will affect Developer's leasehold interest in the Property.

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



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

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

8.05 Other Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Redevelopment Area, the proceeds of which may be used to pay outstanding principal and interest on the City Note and to reimburse the City for expenditures made in connection with the TIF-Funded Improvements (the "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 Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto. Developer shall not have any liability to the City with respect to any disclosures made in connection with any such issuance of Bonds that are actionable under applicable securities laws unless such disclosures are based on factual information provided by the Developer that is determined to be false or misleading.

8.06 Job Creation and Retention; Covenant to Remain in the City; Continuing Operations.

(a) Not less than forty (40) full-time permanent jobs shall be created and retained by the Developer at the Project within 18 months of the completion thereof; and not less than seventy (70) additional part-time permanent jobs shall be created by the Developer within 18 months of completion of the Project, for a total of 110 full or part-time permanent jobs to be created and retained by the Developer at the Facility through the Term of the Agreement. The City acknowledges that such part-time jobs include numerous jobs of several hours per week only (e.g., fitness trainers) and Developer shall not be required to implement any time standards for determination of a "part-time" job. The Developer hereby covenants and agrees to use its best efforts to comply with the foregoing requirement. Developer hereby covenants and agrees to use its best efforts to comply with this provision. Jobs that are retained or created by sublessees from the Developer (as permitted under Section 8.20 of this Agreement) shall also be counted in determining jobs created or retained by the Developer.

(b) Beginning six months after issuance of the Certificate of Completion, and for the Term of the Agreement, the Developer shall maintain an occupancy level of at least 50% of the approximately 60,500 square foot of space comprising the fitness club and wellness center by Developer or a sublessee selected pursuant to Section 8.20 hereof (the "Occupancy Level"). If the Developer fails to maintain the Occupancy Level for 24 consecutive months, the City shall have the right to terminate payment of City Funds, terminate the Agreement and cancel the City Note. If the Developer vacates the Facility at any time during the 20 year term specified for the Lease, the City shall have the right to suspend and/or terminate payment of City Funds. Interest on the City Note shall not accrue during any time in which payments on the City Note are suspended.

(c) The Developer will deliver to the City an annual report regarding job creation, job retention and the identity of sublessees at the Facility for each calendar year for the Term of the Agreement. The report will be delivered prior to February 1 of the following year.

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

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

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

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

copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.09.

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

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

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

8.13 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the Developer's fiscal year ended December 31, 2001 and each fiscal 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. Developer's obligation to deliver Financial Statements shall not be a condition to annual payments to Developer under the City Note, the City acknowledging that such Financial Statements will not be delivered for the prior fiscal year until after such payment occurs.

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

8.15 Non-Governmental Charges. (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Facility, or the Property or any fixtures that are or may become attached thereto as a result of an act or omission of Developer, which creates, may create, or appears to create a lien upon all or

any portion of the Project, the Facility or the Property; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

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

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge attributable to an act or omission of Developer by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property or Facility (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 Facility 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 adversely 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 Facility, 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, the Facility 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 against the Property on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any leasehold mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.19 Real Estate Provisions.

(a) Governmental Charges.

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

(ii) Right to Contest. The Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.19(c) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written

notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(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 under this Agreement, in DPD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DPD deems advisable. All sums so paid by DPD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DPD by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(c) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees for itself and any owner of the Property, landlord or lessor that for the purpose of this Agreement, the total minimum assessed value of the Property ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference for the years noted on Exhibit K.

(ii) Real Estate Tax Exemption. With respect to the Property or the Project, neither the Developer nor any agent, representative, lessor, landlord, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, seek, or authorize any

exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that the Redevelopment Plan is in effect.

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

(iv) No Objections. Neither the Developer nor any agent, representative, lessor, landlord, 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 Under Assessment 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 "Under Assessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Property up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.19(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessors, landlords, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale, lease, sublease, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.19(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this Section 8.19(c).

8.20 Selection of Sublessees. The City hereby approves the sublease between Developer and RUSH. The Developer covenants and agrees to contact and select prospective sublessee types from the list of potential sublessee types related to the health/wellness

industry that have been proposed by the Developer and approved by the City prior to the date hereof and attached as listed on Exhibit L attached hereto ("Approved Use Types"). Developer may sub-lease to any Approved Use Type without the City's consent. The selection of any and all other sublessees other than an Approved Use Type shall be subject to DPD's prior written approval, which shall not be unreasonably delayed or withheld. DPD shall designate the contact person to whom all approval requests shall be made. Such requests shall be submitted to DPD in writing and in an in-person presentation. Developer agrees to fully inform DPD on the prospective sublessee(s) and Developer's selection process and to provide additional information deemed necessary by DPD in such approval process. After the in-person presentation, DPD shall respond to approval requests within 10 business days. The covenants and agreements set forth in this provision shall run with the land and shall be binding upon any transferee.

8.21 Public Benefits Program. The Developer shall, within 6 months of Closing Date, undertake a public benefits program as described on Exhibit N. On a semi-annual basis, the Developer shall provide the City with a status report describing in sufficient detail the Developer's compliance with the public benefits program.

8.22 Default or Termination of Lease. The Developer covenants and agree to provide notice to the City of any default under, or termination of, the Lease.

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

## **SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY**

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

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



## SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

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

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

(c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights

Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

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

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

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

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

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

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

The Developer, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the

Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

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

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

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

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

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer,

the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.

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

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

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

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

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

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

c. Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer), or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as a General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by

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

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

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

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

g. Prior to the commencement of the Project, the Developer, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Developer's compliance with its obligations under this Section 10.03. During this meeting, the Developer shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03 (including Schedules C and D), the sufficiency of which shall be approved by DPD. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the monitoring

staff of DPD, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings, and have received bid documents; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer is not complying with its obligations hereunder shall, upon the delivery of written notice to the Developer, be deemed an Event of Default hereunder. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

#### **SECTION 11. ENVIRONMENTAL MATTERS**

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance, if any, 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 all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

## SECTION 12. INSURANCE

The Developer shall provide and maintain, or cause to be provided, at the Developer's own expense, during the Term of the Agreement (or as otherwise specified below), the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

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

#### (i) Workers Compensation and Employers Liability Insurance

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

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

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

### (b) Construction

#### (i) Workers Compensation and Employers Liability Insurance

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

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

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

(iii) Automobile Liability Insurance (Primary and Umbrella)

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

(iv) Railroad Protective Liability Insurance

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

(v) Builders Risk Insurance

When the Contractor undertakes any construction, including improvements, betterments, and/or repairs, the Contractor shall provide, or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility. Coverages shall



include but are not limited to the following: collapse, boiler and machinery if applicable. The City of Chicago shall be named as an additional insured and loss payee.

(vi) Professional Liability

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

(vii) Valuable Papers Insurance

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

(viii) Contractor's Pollution Liability

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

(c) Term of the Agreement

- (i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

- (ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable. The City of Chicago is to be named an additional insured on a primary, non-contributory basis.

(d) Other Requirements

The Developer will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Developer shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.

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

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

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

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

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

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

The Developer shall require the General Contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the General Contractor, or subcontractors. All General Contractors and subcontractors shall be subject to the same requirements (Section (d)) of Developer unless otherwise specified herein.

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

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

### **SECTION 13. INDEMNIFICATION**

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

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

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

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

persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

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

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

#### **SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT**

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

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

#### **SECTION 15. DEFAULT AND REMEDIES**

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

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or

obligations of the Developer under this Agreement or any related agreement;

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

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

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

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

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

(i) the dissolution of the Developer; or

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

(k) an assignment of the Lease by Developer other than an Affiliate Transfer as provided in Section 8.01(j) of this Agreement;

(l) prior to issuance of a Certificate, the sale or transfer of a majority of the ownership interests of the Developer, or the transfer of any material interest in the Developer, without the prior written consent of the City;

(m) a default under the Lease or termination of Developer's leasehold interest under the Lease other than as permitted under this Agreement; or

(n) an encumbrance of Developer's leasehold interest in the Property, except as permitted herein.

For purposes of Section 15.01(l) hereof, a person or entity with a material interest in the Developer shall be one owning in excess of ten (10%) of the Developer's membership interests.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may terminate disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has

failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured; provided, further, that there shall be no cure period under this Section 15.03 with respect to the Developer's failure to comply with the job creation/operation requirements of Section 8.06 hereof or the Developer's failure to maintain Occupancy Levels as provided in Section 8.06.

#### **SECTION 16. MORTGAGING OF THE PROJECT**

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

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

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15

hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder; such mortgagee shall not be entitled to payments under the City Note without the express written consent of the City; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Developer of a 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. After issuance by the City to the Developer of a Certificate pursuant to Section 7 hereof, a New Mortgage may be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD provided such mortgagor under the New Mortgage ("New Mortgagee") expressly accepts an assignment of Developer's interests and obligations hereunder. In no event shall any mortgagee be entitled to receive payment of City Funds unless the City provides written consent thereto pursuant to an Assignment and Assumption Agreement in a form satisfactory to the City.

#### **SECTION 17. NOTICE**

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

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



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

If to the Developer: U.S. Fitness, LLC  
c/o The Fitness Formula, Ltd.  
1030 North Clark Street, 6<sup>th</sup> Floor  
Chicago, Illinois 60610  
Attention: Gale T. Landers

With Copies To: Piper Marbury Rudnick & Wolfe  
203 North La Salle  
Suite 1800  
Attention: David L. Reifman  
Chicago, Illinois 60601-1293

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

#### **SECTION 18. MISCELLANEOUS**

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto.

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

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

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

18.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

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

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

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

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

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

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

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

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

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

18.15 Assignment. The 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. 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 Sections 8.19 Real Estate Provisions and 8.22 (Survival of Covenants) hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

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

entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

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

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

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

18.22 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City

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

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

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

U.S. Fitness LLC, a Delaware limited liability company

By: Carl T. Landers

Its: President

CITY OF CHICAGO

By: \_\_\_\_\_

\_\_\_\_\_  
Commissioner, Department  
of Planning and Development

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.

U.S. Fitness LLC, a Delaware limited liability company

By: \_\_\_\_\_

Its: \_\_\_\_\_

CITY OF CHICAGO

By: Alicia M. Berg

\_\_\_\_\_,  
Commissioner, Department  
of Planning and Development

STATE OF ILLINOIS    )  
                                  )    ss  
COUNTY OF COOK     )

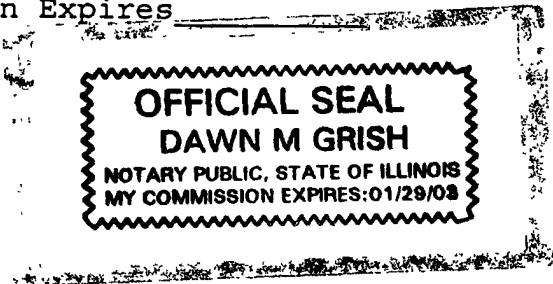
I, Dawn M. Grish, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Gale T. Landers President of U.S. Fitness, LLC, a Delaware limited liability Company (the "Developer"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the [Board of Directors] of the Developer, as his/her free and voluntary act and as the free and voluntary act of the Developer, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 25<sup>th</sup> day of July, 2001.

Dawn M. Grish  
Notary Public

My Commission Expires \_\_\_\_\_

(SEAL)





STATE OF ILLINOIS     )  
                                  )   ss  
COUNTY OF COOK        )

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

July GIVEN under my hand and official seal this 24th day of 2001.

Dora Tsatsos  
Notary Public



My Commission Expires 2/23/02

Exhibit

**A**

# EXHIBIT A

## *Legal Description Of Project Boundary.*

Beginning at the point of intersection of the south line of Harrison Street and the west line of Clinton Street; thence north along the west line of Clinton Street to the easterly extension of the north line of the south 9.40 feet of Lot 24 in the subdivision of Block 53 in School's Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence east along said easterly extension and the north line of the south 9.40 feet of Lot 24 in the subdivision of Block 53 in School's Section Addition to Chicago to a line 113 feet east of and parallel with the east line of Clinton Street; thence north along said line 113 feet east of and parallel with the east line of Clinton Street to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the west line of Clinton Street; thence north along said west line of Clinton Street to the north line of Lot 12 in Gordon S. Hubbard's Subdivision of Blocks 45 and 52 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said north line of Lot 12 in Gordon S. Hubbard's Subdivision to the west line thereof; thence south along said west line of Lot 12 in Gordon S. Hubbard's Subdivision and the southerly extension thereof to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the east line of Jefferson Street; thence south along said east line of Jefferson Street to the easterly extension of the north line of the south 24 feet of Lot 7 in the subdivision of Block 30 in School's Section Addition to Chicago in the west half of the

northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said easterly extension of the north line of the south 24 feet of Lot 7 being also the south line of Congress Parkway; thence west along said south line of Congress Parkway to the west line of Desplaines Street; thence north along said west line of Desplaines Street to the north line of Lots 17, 18 and 19 in G. F. Blanchard's Subdivision of Block 20 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said north line of Lots 17, 18 and 19 being also the south line of Tilden Street; thence west along said south line of Tilden Street to the southerly extension of the east line of the west 1 foot of Lot 14 in said G. F. Blanchard's Subdivision of Block 20 in School Section Addition to Chicago; thence north along said southerly extension and the east line of the west 1 foot of Lot 14 in said G. F. Blanchard's Subdivision of Block 20 in School Section Addition to Chicago to the north line of said Lot 14; thence west along said north line of Lot 14 and along the south line of Lots 4 and 5 in said G. F. Blanchard's Subdivision of Block 20 in School Section Addition to Chicago to the west line of said Lot 5; thence north along the west line of said Lot 5 to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the southerly extension of the east line of the west 28.75 feet of Lot 14 in the subdivision of Block 21 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension and the east line of the west 28.75 feet of Lot 14 in the subdivision of Blocks 4 and 21 in School Section Addition to Chicago and the northerly extension thereof to the north line of Gladys Avenue; thence east along said north line of Gladys Avenue to the west line of Desplaines Street; thence north along said west line of Desplaines Street to the westerly extension of the south line of the northerly 20.08 feet of Lot 5 in the subdivision of Block 28 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence east along said westerly extension and the south line of the northerly 20.08 feet of Lot 5 in the subdivision of Block 28 in School Section Addition to Chicago to the east line of said Lot 5, said east line of Lot 5 being also the west line of the alley east of Desplaines Street; thence north along said west line of the alley east of Desplaines Street to the south line of the north 7.55 feet of Lot 5 in the subdivision of Lots 8 through 16, inclusive, in the subdivision of the west half of Block 27 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said south line of the north 7.55 feet of Lot 5 in the subdivision of Lots 8 through 16, inclusive, in the subdivision of the west half of Block 27 in School Section Addition to Chicago being also the north line of the alley north of Jackson Boulevard; thence west along said north

line of the alley north of Jackson Boulevard and the westerly extension thereof to the west line of Desplaines Street; thence north along said west line of Desplaines Street to the north line of Lot 5 in Block 23 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said north line of Lot 5 being also the south line of Marble Place; thence west along said south line of Marble Place to the southerly extension of the east line of Lot 3 in said Block 23 in School Section Addition to Chicago; thence north along said southerly extension and the east line of Lot 3 in said Block 23 in School Section Addition to Chicago to the south line of Monroe Street; thence west along said south line of Monroe Street to the southerly extension of the west line of the east 1.43 feet of Lot 7 in Block 24 in School Section Addition to Chicago; thence north along said southerly extension and the west line of the east 1.43 feet of Lot 7 in Block 24 in School Section Addition to Chicago and the northerly extension thereof to a line 9 feet north of and parallel to the north line of said Lot 7; thence west along said line 9 feet north of and parallel to the north line of said Lot 7 to the southerly extension of the west line of the east 26.81 feet of Lot 2 in said Block 24 in School Section Addition to Chicago; thence north along said southerly extension and the west line of the east 26.81 feet of Lot 2 in said Block 24 in School Section Addition to Chicago to the south line of Madison Street; thence west along said south line of Madison Street to the southerly extension of the west line of Lot 15 in Block 70 in Canal Trustee's Subdivision of lots and blocks in the southwest quarter of Section 9, Township 39 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension and the west line of Lot 15 in Block 70 in Canal Trustee's Subdivision and the northerly extension thereof to the north line of Warren Avenue; thence east along said north line of Warren Avenue to the east line of Desplaines Street; thence south along said east line of Desplaines Street to the north line of Monroe Street; thence east along said north line of Monroe Street to the west line of Clinton Street; thence south along said west line of Clinton Street to the south line of the north 1.92 feet of Lot 4 in Charles Wesencraft's Subdivision of Lots 3, 4, 5 and 6 in Block 47 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said south line of the north 1.92 feet of Lot 4 in Charles Wesencraft's Subdivision to the west line of said Lot 4; thence south along said west line of Lot 4 in Charles Wesencraft's Subdivision and along the west line of Lots 5 and 6 in said Charles Wesencraft's Subdivision to the south line of said Lot 6; thence east along said south line of said Lot 6 in Charles Wesencraft's Subdivision to the west line of Clinton Street; thence south along said west line of Clinton Street to the north line of the south 38.9 feet of Lot 8 in said Charles Wesencraft's Subdivision; thence west along said north line of the south 38.9 feet of Lot

8 in said Charles Wesencraft's Subdivision to the west line of said Lot 8; thence south along said west line of said Lot 8 in Charles Wesencraft's Subdivision to the north line of Adams Street; thence west along said north line of Adams Street to the east line of Lot 7 in W. B. Egan's Subdivision of Lots 7 and 8 in Block 47 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence north along said east line of Lot 7 in W. B. Egan's Subdivision to the north line thereof; thence west along said north line of Lot 7 and along the north line of Lots 8 and 9 in said W. B. Egan's Subdivision and along the westerly extension of the north line of Lots 7, 8 and 9 in said W. B. Egan's Subdivision to the west line of Jefferson Street; thence north along said west line of Jefferson Street to the north line of Lot 5 in Block 26 in School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said north line of Lot 5 in Block 26 in School Section Addition to Chicago to the west line of said Lot 5; thence south along said west line of said Lot 5 to the north line of Adams Street; thence east along said north line of Adams Street to the east line of Jefferson Street; thence south along said east line of Jefferson Street to the north line of Jackson Street; thence east along said north line of Jackson Street to the west line of Clinton Street; thence north along said west line of Clinton Street to the north line of Adams Street; thence east along said north line of Adams Street to the east line of Canal Street; thence south along said east line of Canal Street to a point 116.45 feet north of the north line of Jackson Boulevard as measured along the west line of Lot 6 in the subdivision of Block 46 of the School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence east along a straight line to a point on the east line of said Lot 6 which is 121.21 feet northerly from the north line of Jackson Boulevard as measured along said east line of Lot 6; thence east along a straight line to a point on the east line of Lot 5 in said subdivision of Block 46 of the School Section Addition to Chicago which is 121.88 feet northerly from the north line of Jackson Boulevard as measured along said east line of Lot 5, said point on the east line of Lot 5 being also on the westerly channel line of the south branch of the Chicago River; thence southerly along said westerly channel line of the south branch of the Chicago River to the south line of Jackson Street; thence west along said south line of Jackson Street to the east line of Canal Street; thence south along said east line of Canal Street to the north line of Van Buren Street; thence east along said north line of Van Buren Street to the westerly channel line of the south branch of the Chicago River; thence southerly along said westerly channel line of the south branch of the Chicago River to the south line of Harrison Street; thence west along said south line of Harrison Street to the point of beginning: All in the City of Chicago, Cook County, Illinois.

Exhibit

**B**

# EXHIBIT B

## LEGAL DESCRIPTION FOR BLACK BOX PARCEL

THOSE PORTIONS OF PARCELS C-1 AND C-2 DESCRIBED BELOW LYING SOUTH OF A LINE WHICH IS THE SOUTH FACE OF THE SOUTHERLY COLUMNS OF THE 222 SOUTH RIVERSIDE PLAZA BUILDING EXTENDED EAST TO THE CHICAGO RIVER AND WEST TO THE EAST LINE OF THE WEST 20 FEET OF LOT 6, TOGETHER WITH THE EASEMENT RIGHTS APPURTENANT TO PARCELS C-1 AND C-2, INCLUDING THOSE SET FORTH IN PARCEL C-3 AND INCLUDING THE IMPROVEMENTS THEREON, INCLUDING THE COLUMNS, FOUNDATIONS AND SUPPORTS THEREOF CONSTRUCTED WITHIN THE EXCEPTED SPACE, AND PARCEL C-4.

### PARCEL C-1:

ALL THAT PARCEL OF LAND, BEING THAT PORTION ABOVE THE SPACE EXCEPTED, HEREINAFTER DEFINED, OF THAT CERTAIN PARCEL OF LAND IN THE COUNTY OF COOK, STATE OF ILLINOIS, BOUNDED AND DESCRIBED AS FOLLOWS:

A PARCEL OF LAND COMPRISED OF THAT PART OF LOT 5 LYING ABOVE A HORIZONTAL PLANE THE ELEVATION OF WHICH IS 25.70 FEET ABOVE THE CHICAGO CITY DATUM AND THAT PART OF LOT 6 IN RAILROAD COMPANIES' RESUBDIVISION OF BLOCKS 62 TO 76, BOTH INCLUSIVE, BLOCK 78, PARTS OF BLOCKS 61 AND 77 AND CERTAIN VACATED STREETS AND ALLEYS IN SCHOOL SECTION ADDITION TO CHICAGO, A SUBDIVISION OF SECTION 16, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT OF SAID RESUBDIVISION RECORDED IN THE RECORDER'S OFFICE OF COOK COUNTY, ILLINOIS, ON MARCH 29, 1924 IN BOOK 188 OF PLATS AT PAGE 16, AS DOCUMENT 8339751, SAID PARCEL OF LAND BEING BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 5 AND RUNNING THENCE SOUTHWARDLY ALONG THE EASTERLY LINE OF SAID LOT 5, A DISTANCE OF 203.465 FEET TO AN ANGLE POINT IN SAID EASTERLY LOT LINE; THENCE CONTINUING SOUTHWARDLY ALONG SAID EASTERLY LOT LINE, A DISTANCE OF 203.34 FEET TO THE SOUTHEAST CORNER OF SAID LOT 5; THENCE WEST ALONG THE SOUTH LINE OF SAID LOTS 5 AND 6, A DISTANCE OF 336.0 FEET TO THE POINT OF INTERSECTION OF SAID SOUTH LINE OF LOT 6 WITH THE EAST LINE OF THE WEST 20 FEET OF SAID LOT 6; THENCE NORTH ALONG SAID EAST LINE OF THE WEST 20 FEET OF LOT 6, A DISTANCE OF 396.545 FEET TO ITS INTERSECTION OF THE NORTH LINE OF SAID LOT 6; THENCE EAST ALONG THE NORTH LINE OF SAID LOT 6 AND OF SAID LOT 5, A DISTANCE OF 247.50 FEET TO THE POINT OF BEGINNING;

EXCEPTING, HOWEVER, FROM THE PARCEL OF LAND ABOVE DESCRIBED THE RESPECTIVE PORTIONS THEREOF LYING BELOW OR BENEATH THE LEVEL OF THE TOP OF THE FINISH FLOOR SLAB OF THE MEZZANINE FLOOR OF THE 222 SOUTH RIVERSIDE PLAZA BUILDING AND THE TOP OF THE FINISH FLOOR SLAB OF THE PLAZA LEVEL BETWEEN THE



CIRCUMSCRIBING WALLS OF THE MEZZANINE OF SAID BUILDING AND THE PROPERTY LINE, BEING DESIGNATED AS PLUS 17.50 FEET AND PLUS 32.50 FEET, RESPECTIVELY, AS SHOWN ON THE TRANSVERSE SECTION AND LONGITUDINAL SECTION OF SAID BUILDING ATTACHED TO LEASE DATED JANUARY 15, 1969 AND RECORDED JANUARY 31, 1969 AS DOCUMENT 20744919 AND REFERRED TO THEREIN AS APPENDIX 'B', WHICH SECTION PLANS ARE MADE A PART OF THIS DESCRIPTION. THE ELEVATION SHOWN ON SAID SECTION PLANS HAVE REFERENCE TO CHICAGO CITY DATUM AS EXISTING ON OCTOBER 21, 1968.

**PARCEL C-2:**

ALL THAT PARCEL OF LAND, TAKEN AS A TRACT, BEING THAT PORTION ABOVE THE SPACE EXCEPTED HEREINAFTER, DESCRIBED AS FOLLOWS:

A PARCEL OF LAND BEING THAT PART OF LOT 6 IN RAILROAD COMPANIES' RESUBDIVISION LYING BELOW AND EXTENDING DOWNWARD FROM A HORIZONTAL PLANE AT AN ELEVATION OF 32.50 FEET ABOVE CHICAGO CITY DATUM, WHICH IS BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE SOUTH LINE OF SAID LOT 6 WITH THE EAST LINE OF THE WEST 115.75 FEET OF SAID LOT 6, AND RUNNING THENCE NORTH ALONG SAID EAST LINE OF THE WEST 115.75 FEET OF LOT 6, A DISTANCE OF 11.36 FEET TO AN INTERSECTION WITH A LINE WHICH IS 105.75 FEET SOUTH FROM AND PARALLEL WITH THE SOUTHERLY FACE OF THE MOST SOUTHERLY ROW OF COLUMNS SUPPORTING A MULTI-STORY OFFICE BUILDING SITUATED ON SAID LOT 6, SAID POINT OF INTERSECTION BEING THE POINT OF BEGINNING OF SAID HEREINAFTER DESCRIBED PART OF LOT 6; THENCE CONTINUING NORTH ALONG SAID EAST LINE OF THE WEST 115.75 FEET OF LOT 6, A DISTANCE OF 81.50 FEET TO AN INTERSECTION WITH A LINE WHICH IS 24.25 FEET SOUTH FROM AND PARALLEL WITH SAID SOUTHERLY FACE OF SAID MOST SOUTHERLY ROW OF COLUMNS; THENCE EAST ALONG SAID LAST DESCRIBED PARALLEL LINE, A DISTANCE OF 18.25 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE WEST 134.00 FEET OF SAID LOT 6; THENCE SOUTH ALONG SAID EAST LINE OF THE WEST 134.00 FEET OF LOT 6, A DISTANCE OF 81.50 FEET TO AN INTERSECTION WITH SAID LINE WHICH IS 105.75 FEET SOUTH FROM AND PARALLEL WITH THE SOUTHERLY FACE OF SAID MOST SOUTHERLY ROW OF COLUMNS; AND THENCE WEST ALONG SAID LAST DESCRIBED PARALLEL LINE, A DISTANCE OF 18.25 FEET TO POINT OF BEGINNING;

EXCEPTING HOWEVER FROM THE NORTH 13.75 FEET OF SAID PARCEL OF LAND THAT PORTION THEREOF LYING BELOW OR BENEATH THE LEVEL OF THE TOP OF THE FINISHED FLOOR SLAB OF THE GROUND FLOOR OF THE MERCANTILE EXCHANGE BUILDING WHICH IS AT AN ELEVATION OF 30.83 FEET ABOVE CHICAGO CITY DATUM, AND EXCEPTING FROM THE SOUTH 18.00 FEET OF THE NORTH 31.75 FEET OF SAID PARCEL OF LAND THAT PORTION THEREOF LYING BELOW OR BENEATH THE LEVEL OF THE TOP OF THE FINISHED FLOOR SLAB OF THE GROUND FLOOR OF SAID BUILDING WHICH IS AT AN ELEVATION OF 30.25 FEET ABOVE CHICAGO CITY DATUM, AND EXCEPTING FROM THE REMAINDER OF SAID

PARCEL OF LAND THAT PORTION THEREOF LYING BELOW OR BENEATH THE LEVEL OF THE TOP OF THE FINISHED FLOOR SLAB OF THE GROUND FLOOR OF SAID BUILDING IN SAID REMAINDER WHICH IS AT AN ELEVATION OF 28.25 FEET ABOVE SAID CHICAGO CITY DATUM.

ALSO

A PARCEL OF LAND BEING THAT PART OF LOT 6 IN SAID RAILROAD COMPANIES' RESUBDIVISION LYING BELOW AND EXTENDING DOWNWARD FROM A HORIZONTAL PLANE AT AN ELEVATION OF 32.50 FEET ABOVE CHICAGO CITY DATUM, WHICH IS BOUNDED AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT OF INTERSECTION OF THE SOUTH LINE OF SAID LOT 6 WITH THE EAST LINE OF THE WEST 161.00 FEET OF SAID LOT 6, AND RUNNING THENCE NORTH ALONG THE EAST LINE OF THE WEST 161.00 FEET OF SAID LOT 6, A DISTANCE OF 11.65 FEET TO AN INTERSECTION WITH A LINE WHICH IS 105.75 FEET SOUTH FROM AND PARALLEL WITH THE SOUTHERLY FACE OF THE MOST SOUTHERLY ROW OF COLUMNS SUPPORTING A MULTI-STORY OFFICE BUILDING SITUATED ON LOT 6, SAID POINT OF INTERSECTION BEING THE POINT OF BEGINNING FOR THE HEREINAFTER DESCRIBED PART OF LOT 6; THENCE CONTINUING NORTH ALONG THE EAST LINE OF THE WEST 161.00 FEET OF LOT 6, A DISTANCE OF 107.08 FEET TO AN INTERSECTION WITH A LINE WHICH IS 1.33 FEET NORTH FROM AND PARALLEL WITH SAID SOUTHERLY FACE OF SAID MOST SOUTHERLY ROW OF COLUMNS; THENCE EAST ALONG SAID LAST DESCRIBED PARALLEL LINE, A DISTANCE OF 59.50 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE WEST 220.50 FEET OF SAID LOT 6; THENCE SOUTH ALONG THE EAST LINE OF THE WEST 220.50 FEET OF SAID LOT 6, A DISTANCE OF 25.58 FEET TO AN INTERSECTION WITH A LINE WHICH IS 24.25 FEET SOUTH FROM AND PARALLEL WITH SAID SOUTHERLY FACE OF SAID MOST SOUTHERLY ROW OF COLUMNS; THENCE EAST ALONG SAID PARALLEL LINE AND ALONG SAID PARALLEL LINE EXTENDED, A DISTANCE OF 57.75 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE WEST 278.25 FEET OF SAID LOT 6; THENCE SOUTH ALONG SAID EAST LINE OF THE WEST 278.25 FEET OF LOT 6, A DISTANCE OF 14.25 FEET; THENCE WEST ALONG A LINE PERPENDICULAR TO THE EAST LINE OF THE WEST 278.25 FEET AFORESAID, A DISTANCE OF 45.25 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE WEST 233.00 FEET OF SAID LOT 6; THENCE SOUTH ALONG SAID EAST LINE OF THE WEST 233.00 FEET OF LOT 6, A DISTANCE OF 17.00 FEET; THENCE EAST ALONG A LINE PERPENDICULAR TO THE EAST LINE OF THE WEST 233.00 FEET AFORESAID, A DISTANCE OF 45.25 FEET TO AN INTERSECTION WITH SAID EAST LINE OF THE WEST 278.25 FEET OF LOT 6; THENCE SOUTH ALONG THE EAST LINE OF THE WEST 278.25 FEET AFORESAID, A DISTANCE OF 50.25 FEET TO AN INTERSECTION WITH SAID LINE WHICH IS 105.75 FEET SOUTH FROM AND PARALLEL WITH THE SOUTHERLY FACE OF SAID MOST SOUTHERLY ROW OF COLUMNS; THENCE WEST ALONG SAID PARALLEL LINE, A DISTANCE OF 117.25 FEET TO THE POINT OF BEGINNING;

EXCEPTING HOWEVER FROM THAT PART OF SAID PARCEL OF LAND LYING WEST OF THE EAST LINE OF THE WEST 259.79 FEET OF SAID LOT 6 THAT PORTION THEREOF LYING BELOW OR BENEATH THE LEVEL OF THE TOP OF THE FINISHED FLOOR SLAB OF THE GROUND FLOOR OF THE MERCANTILE EXCHANGE BUILDING WHICH IS AT AN ELEVATION OF 30.00 FEET ABOVE CHICAGO CITY DATUM, AND EXCEPTING FROM THOSE PORTIONS OF SAID PARCEL OF LAND LYING EAST OF SAID EAST LINE OF THE WEST 259.79 FEET OF SAID LOT 6 THOSE PORTIONS THEREOF LYING BELOW OR BENEATH THE LEVEL OF THE TOP OF THE FINISHED FLOOR SLAB OF THE GROUND FLOOR OF SAID BUILDING WHICH IS AT AN ELEVATION OF 28.33 FEET ABOVE CHICAGO CITY DATUM, AND EXCEPTING FROM SAID PARCEL OF LAND THE WEST 1.25 FEET OF THE NORTH 1.33 FEET THEREOF OCCUPIED BY A COLUMN AND ALSO EXCEPTING THOSE PARTS THEREOF OCCUPIED BY SIX OTHER COLUMNS OF SAID MOST SOUTHERLY ROW OF COLUMNS, EACH OF WHICH SIX COLUMNS, MEASURES 2.50 FEET FROM EAST TO WEST AND EXTENDS 1.33 FEET SOUTHWARDLY INTO AND UPON SAID PREMISES FROM THE MOST NORTHERLY LINE THEREOF;

AND ALSO EXCEPTING FROM SAID PARCEL C-1 AND PARCEL C-2 THE RESPECTIVE PORTIONS THEREOF TAKEN BY THE NATIONAL RAILROAD PASSENGER CORPORATION IN CONDEMNATION PURSUANT TO THE CONDEMNATION ACTION FILED IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION, CASE NUMBER 89 C 1631.

AND ALSO EXCEPTING FROM PARCEL C-1 AND C-2 THAT PORTION OF THE LOADING DOCK AREA OF LOT 6 DESCRIBED ON EXHIBIT A.

PARCEL C-3: ..

NON-EXCLUSIVE EASEMENTS OF USE, INGRESS AND EGRESS AND FOR OTHER PURPOSES AS AN APPURTENANCE TO THE ESTATE AND INTEREST DESCRIBED AS PARCELS C-1 AND C-2 ABOVE, CREATED AND GRANTED BY THAT CERTAIN EASEMENT AND OPERATING AGREEMENT MADE BY AND BETWEEN LASALLE NATIONAL BANK AS TRUSTEE UNDER TRUST AGREEMENT DATED DECEMBER 1, 1983 AND KNOWN AS TRUST NUMBER 107363 AND CHICAGO UNION STATION COMPANY, A CORPORATION OF ILLINOIS, DATED APRIL 19, 1989 AND RECORDED APRIL 19, 1989 AS DOCUMENT 89173341, IN, OVER AND ACROSS CERTAIN ADJOINING LAND MORE PARTICULARLY DESCRIBED THEREIN, IN COOK COUNTY, ILLINOIS.

PARCEL C-4:

AND THE PROPERTY AND SPACE LYING BETWEEN HORIZONTAL PLANES WHICH ARE 42.25 FEET AND 90.00 FEET, RESPECTIVELY, ABOVE CHICAGO CITY DATUM, AND ENCLOSED BY PLANES EXTENDING VERTICALLY UPWARD FROM THE SURFACE OF THE EARTH, OF A PARCEL OF LAND COMPRISED OF A PART OF LOT 6, AND OF A PART OF SOUTH CANAL STREET LYING WEST OF AND ADJOINING SAID LOT 6, IN RAILROAD COMPANIES' RESUBDIVISION OF BLOCKS 62 AND 76, BOTH INCLUSIVE, BLOCK 78, PARTS OF BLOCKS 61 AND 77, AND CERTAIN VACATED STREETS AND ALLEYS IN SCHOOL SECTION ADDITION TO

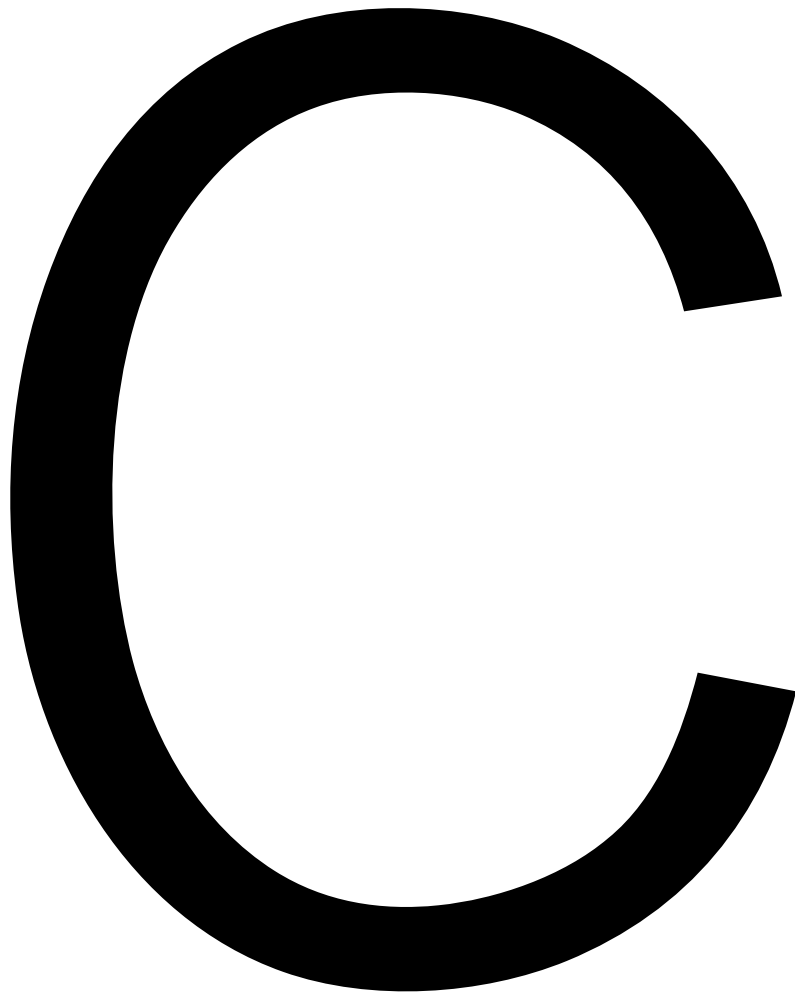
CHICAGO, A SUBDIVISION OF SECTION 16, TOWNSHIP 39 NORTH,  
RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN WHICH PARCEL OF  
LAND IS BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING ON THE EAST LINE OF THE WEST 20 FEET OF LOT 6, AT A  
POINT WHICH IS 0.938 FEET NORTH FROM THE SOUTH LINE OF SAID  
LOT 6, AND RUNNING THENCE WEST ALONG A LINE PERPENDICULAR TO  
THE EAST LINE OF THE WEST 20 FEET AFORESAID, A DISTANCE OF  
25.416 FEET; THENCE NORTH, PARALLEL WITH THE WEST LINE OF  
SAID LOT 6, A DISTANCE OF 101.083 FEET; THENCE EAST ALONG A  
LINE PERPENDICULAR TO THE LAST DESCRIBED COURSE, A DISTANCE  
OF 25.416 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE  
WEST 20 FEET OF SAID LOT 6; AND THENCE SOUTH ALONG THE EAST  
LINE OF THE WEST 20 FEET AFORESAID, A DISTANCE OF 101.083  
FEET TO THE POINT OF BEGINNING.

ALL IN COOK COUNTY, ILLINOIS

EASEMEN2.EOX  
11/28/94

Exhibit



**EXHIBIT C**

**TIF-FUNDED IMPROVEMENTS**

<u>Line Item</u>	<u>Cost</u>
Demolition*	
Non-Structural	\$765,000
Structural	<u>\$270,000</u>
Total	<b>\$1,035,000</b>
Rehabilitation*	
Concrete & Structural Steel	\$315,000
Carpentry & Roofing	\$160,000
Drywall	\$220,000
Fire Protection	\$ 80,000
Plumbing	\$ 70,000
HVAC	\$220,000
Electrical	<u>\$100,000</u>
Total	<b>\$1,165,000</b>
<b>TOTAL</b>	<b>\$2,200,000</b>

\* Line-item category. Additional sub-line-items may be added or reallocated to ensure total TIF-Funded Improvements are equal to \$2.2 million.

Exhibit

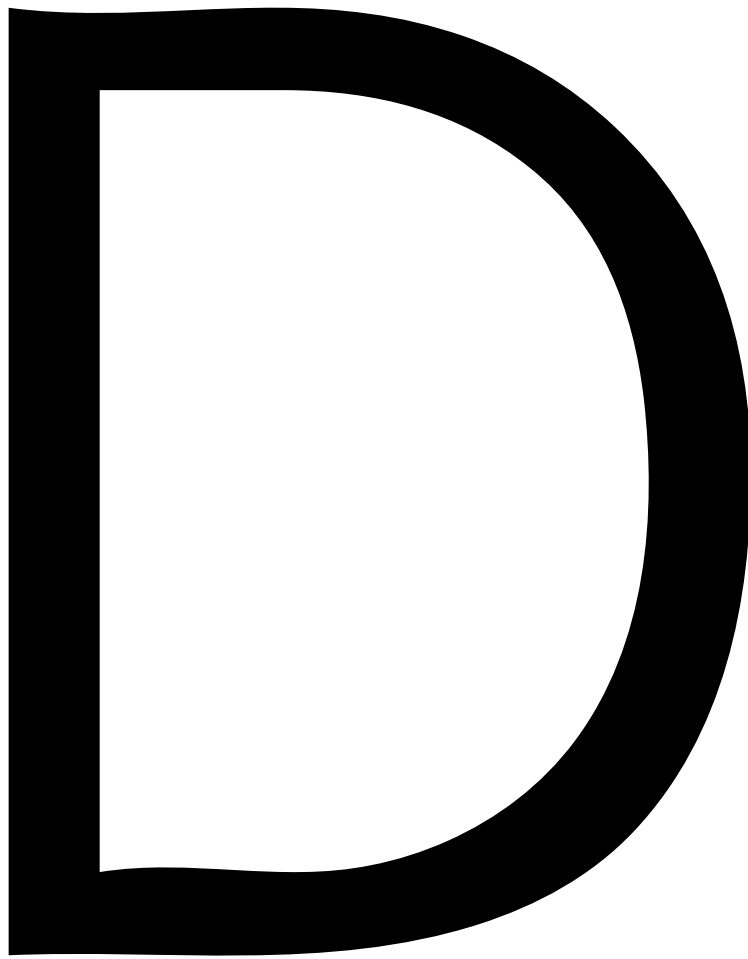


Exhibit D

WHEREAS, It is desirable and in the best interest of the citizens of the City of Chicago, Illinois (the "City") for the City to implement tax increment allocation financing ("Tax Increment Allocation Financing") pursuant to the Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et. seq., as amended (the "Act"), for a proposed redevelopment project area to be known as the Canal/Congress Tax Increment Financing Redevelopment Project Area (the "Area") described in Section 2 of this ordinance, to be redeveloped pursuant to a proposed redevelopment plan and project attached hereto as Exhibit A (the "Plan"); and

WHEREAS, Pursuant to Sections 5/11-74.4-4 and 5/11-74.4-5 of the Act, the Community Development Commission (the "Commission") of the City, by authority of the Mayor and the City Council of the City (the "City Council," referred to herein collectively with the Mayor as the "Corporate Authorities") called a public hearing (the "Hearing") concerning approval of the Plan, designation of the Area as a redevelopment project area pursuant to the Act and adoption of Tax Increment Allocation Financing within the Area pursuant to the Act on October 13, 1998; and

WHEREAS, The Plan (including the related eligibility report attached thereto as an exhibit) was made available for public inspection and review pursuant to Section 5/11-74.4-5(a) of the Act prior to the adoption by the Commission of Resolution 98-CDC-118 on August 11, 1998 fixing the time and place for the hearing; at the offices of the City Clerk and the City's Department of Planning and Development; and

WHEREAS, Due notice of the Hearing was given pursuant to Section 5/11-74.4-6 of the Act, said notice being given to all taxing districts having property within the Area and to the Department of Commerce and Community Affairs of the State of Illinois by certified mail on August 14, 1998, by publication in the *Chicago Sun-Times* on September 16, 1998 and September 20, 1998, and by certified mail to taxpayers within the Area on September 14, 1998; and

WHEREAS, A meeting of the joint review board established pursuant to Section 5/11-74.4-5(b) of the Act (the "Board") was convened upon the provision of due notice on August 28, 1998 at 10:00 A.M., concerning the approval of the Plan, designation of the Area as a redevelopment project area pursuant to the Act and adoption of Tax Increment Allocation Financing within the Area; and

WHEREAS, The Commission has forwarded to the City Council a copy of its Resolution 98-CDC-136 attached hereto as Exhibit B, adopted on October 13,



1998, recommending to the City Council approval of the Plan, among other related matters; and

WHEREAS, After the Plan was made available for public inspection and review on August 11, 1998, certain changes were made to the Plan (which changes are reflected in the Plan attached hereto as Exhibit A) and, pursuant to Section 5/11-74.4-5(a) of the Act, notice of such changes was given by mail to each affected taxing district within the Area and by publication in the *Chicago Sun-Times* or the *Chicago Tribune* not less than ten (10) days prior to the adoption of this ordinance; and

WHEREAS, The Corporate Authorities have reviewed the Plan (including the related eligibility report attached thereto as an exhibit), testimony from the Hearing, if any, the recommendation of the Board, if any, the recommendation of the Commission and such other matters or studies as the Corporate Authorities have deemed necessary or appropriate to make the findings set forth herein, and are generally informed of the conditions existing in the Area; now, therefore,

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

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

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

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

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

b. the Plan:

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

(ii) the Plan either (A) conforms to the strategic economic development or redevelopment plan issued by the Chicago Plan Commission or (B) includes

land uses that have been approved by the Chicago Plan Commission; and

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

**SECTION 4. Approval Of The Plan.** The City hereby approved the Plan pursuant to Section 5/11-74.4-4 of the Act.

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

**SECTION 6. Invalidity Of Any Section.** If any provisions of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

**SECTION 7. Superseder.** All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

**SECTION 8. Effective Date.** This ordinance shall be in full force and effect immediately upon its passage.

[Exhibit "E" referred to in this ordinance is printed  
on page 81975 of this Journal.]

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

*Exhibit "A".**Canal/Congress Tax Increment Financing  
Redevelopment Project And Plan.***I. INTRODUCTION**

This document is to serve as a redevelopment plan for an area that is located west the City of Chicago's (the "City") central business district (the "Loop") and is generally bounded on the north by Madison, Monroe and Adams Streets; on the south by Congress Parkway and Harrison Street; on the east by Clinton and Canal Streets and the South Branch of the Chicago River; and on the west by the Kennedy Expressway and Desplaines Street. This area is subsequently referred to in this document as the Canal/Congress Tax Increment Financing Redevelopment Project Area, (the "Project Area"). The Project Area is strategically located directly west of the Loop and is regionally accessible by the adjacent Kennedy, Dan Ryan and Eisenhower Expressways, the commuter and intercity rail lines running in and out of Union and Northwestern Train Stations, and the Chicago River.

Despite its enviable location adjacent to the Loop and its easy accessibility, the Project Area has been developed and expanded over the years on an ad hoc basis with no comprehensive approach. It consists of a mixture of building types, sizes, conditions, and uses. The Project Area lacks overall character and identity, containing older buildings, vacant lots and deteriorating properties. Aware of the Project Area's strategic location, the City recognizes the need to develop this area on a coordinated and comprehensive basis. Recent planning efforts which address the Project Area include the 1973 *Chicago 21 Plan*; the 1985 *Report of The West Loop Task Force*; the 1990 *West Loop Development Plan Executive Summary*, and the November 1993 draft report, *The West Loop Development Plan and Executive Summary*. These plans set forth recommendations for development and redevelopment of the Project Area and, together with the *Downtown Parking Policies*, City of Chicago, 1989; *Chicago River Urban Design Guidelines*, 1990; *Guidelines for Transit-Supportive Development*, Chicago Transit Authority (the "CTA"), 1996; and the *Mayor's Parking Task Force Report*, City of Chicago, 1997 form the basis for many of the recommendations presented in this Redevelopment Plan.

Recognizing the Project Area's potential as an extension of the Loop and as a vital link to the Near West Community Area, the City is taking a proactive step toward the economic renaissance of the Project Area. The City wishes to stabilize and provide cohesion to this portion of the West Loop and support business, retail, institutional, open space, transportation and residential expansion and to encourage private investment and development activity through the use of tax increment financing.

As part of its strategy to encourage managed growth and stimulate private investment within the Project Area, the City engaged Tekla, Pettigrew, Allen & Payne, Inc. ("TPAP") with the assistance from R.M. Chin & Associates ("RMCA") to study whether the Project Area of approximately 41.3 acres qualifies as a "conservation area" or a "blighted area" under the Illinois Tax Increment Allocation Redevelopment Act (65 ILCS 5/11/74.4-3). The Project Area, described in more detail below as well as in the accompanying Eligibility Study, has not been subject to

growth and development through investment by private enterprise and is not reasonably expected to be developed without the efforts and leadership of the City.

While small-scale or piecemeal redevelopment efforts might occur in limited portions of the Project Area, the sheer size and magnitude of several of the existing buildings within the Project Area, coupled with the extensive obsolescence, vacancies and long-term depreciation of physical maintenance of most of the existing buildings, are likely to preclude the revitalization of the Project Area on a scale sufficient to return the Project Area to a long-term sound condition without the intervention of the City.

For instance, located within the Project Area is the historically significant former Chicago Main Post Office at Canal Street and Congress Parkway which is eligible for listing in the National Register of Historic Places. This building was built in two phases between 1921 and 1933 and has been vacant for about four years. Adaptive reuse of this building by private investment alone is impeded by: 1) the sheer magnitude of the building comprising over 2.4 million square feet, which for reference purposes is larger than the Chicago Amoco Building located at 200 E. Randolph Street; 2) the requirement of a substantial investment in preserving the historic and architecturally significant nature of the building; and 3) the substantial investment required to convert the building for one or more different use(s).

Also historically significant within the Project Area is the Union Station built in 1925 and located along Canal and Jackson Streets. For more than 15 years approximately 60% of the building has been vacant and available for lease. However, the above ground floors of the building show an overall depreciation of physical maintenance requiring significant investment and rehabilitation to attract any prospective tenants.

The building located at 444 W. Jackson Street is significant to the Project Area in that it has been vacant for over 10 years, and contains over 80,000 square feet of undeveloped space. This building was completed in 1971 and its intended principal use was to serve as a trading floor area for the Mid - America Commodities Exchange. However, the company vacated the building in 1981 leaving the site undeveloped. Since the building was specifically built to be a trading area, the design of the building does not lend itself to be easily converted into office space. Essentially, the building is an empty shell, obsolete in its design and space due to the excessive ceiling heights and open floors and contains interior components in a partially demolished condition and an obsolete mechanical system. The building's obsolete design, coupled with years of deferred maintenance, require significant investment and rehabilitation to adapt the building for a marketable use.

The City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis consistent with the highest quality standards of design and construction for which the downtown is renown and to ensure continuity with the revitalization program of the larger West Loop. A coordinated and comprehensive redevelopment effort will allow the City and other taxing districts to work cooperatively to prepare for the increased service demands

that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to prepare residents of surrounding and nearby neighborhoods for newly created job opportunities anticipated within the Project Area.

**A. Canal/Congress Tax Increment Financing Redevelopment Project Area**

The Project Area contains 33 buildings and encompasses a total of approximately 41.3 acres and is adjacent to the west side of the Loop. All areas of the Project Area are improved with buildings or surface parking lots. For a map depicting the boundaries and legal description of the Project Area, see Section II, *Legal Description*.

In general, the Project Area can be described as a "mixed use" area with a variety of land uses, which includes: office, residential, retail, entertainment, institutional, transportation, government and open space.

The Project Area as a whole contains a mix of office, warehouse, and commercial buildings all varying in height and size. Ninety-one percent (91%) of the 33 total buildings are over 35 years old. The Project Area is characterized by aging infrastructure, deteriorated site development, obsolescent buildings, structures below minimum code standards, and vacant and underutilized buildings. Significant to the Project Area is the former Main Post Office located at Canal Street and Congress Parkway. This building has been essentially vacant for approximately four years since the Post Office relocated to a new facility one block south. The Post Office facility contains over 2.4 million square feet of available space. While the size and location of the Post Office lend itself to many redevelopment opportunities, the magnitude, obsolescence, and long-term depreciation of physical maintenance of the complex are likely to seriously limit redevelopment efforts that may occur through private investment.

The considerable physical assets of the Project Area include the following features:

- The "Circle" Interchange enables the Project Area to be accessible to the interstate highway systems. It is located directly west of the Project Area and serves as the entryway to the Kennedy Expressway (I-94), the Dan Ryan Expressway (I-90/94), the Eisenhower Expressway (I-290) and the Loop.
- The Project Area is served by two train stations enabling the Project Area to be regionally and locally accessible. Union Station, located within the Project Area on Canal and Jackson Streets, accommodates both Metra commuter rail service and Amtrak intercity rail service. The Northwestern Station, located a couple blocks outside the Project Area on Madison and Canal Street, accommodates Metra commuter rail service.

- CTA Rapid Transit Station for the O'Hare (Blue) Line within the Project Area at Clinton Street and Congress Parkway connects the Loop to the western suburbs and O'Hare airport.
- Numerous exits off the Kennedy Expressway (I-94) provide convenient access to the Loop.
- The Loop is located directly east of the Project Area which makes the area attractive for new development.
- The Chicago River provides a navigable waterway and an opportunity for community open space along the river.
- Eight CTA bus lines serve the Project Area.

Although the Project Area enjoys strong locational assets, particularly its excellent highway, rail, transit, bus service, water access, and proximity to the Loop, the Project Area is likely to erode without reinvestment as existing properties continue to sit vacant due to deterioration and obsolescence while potential business and residential tenants find more attractive and desirable environments in which to locate.

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

- Numerous buildings show signs of obsolescence, deterioration, building code violations, excessive vacancies, and an overall depreciation of physical maintenance.
- The majority of the Project Area's infrastructure needs to be repaired. Most of the Project Area's curbs and gutters, street lighting, alleys and sidewalks need repair or replacement.
- Within the last five years, no new buildings have been built in the Project Area. In this same time period, only three of the 33 buildings in the Project Area indicated significant building permit costs. The total building permit activity for these three buildings is \$2,034,080. Seventy-four percent (74%) of the total cost is attributable to interior renovations to the vacant hotel located at Harrison and Canal Streets. Overall, the investment is very limited and scattered having little to no impact on the Project Area.
- Five warehouse structures have been demolished between January 1, 1993 and May 20, 1998 within the Project Area. This indicates a decline in business activity in the Project Area since these demolitions have not been replaced with new construction and the current use of the properties are surface parking lots.
- Between 1991 and 1997, the Assessed Value (the "AV") of the Project Area decreased from \$24,639,359 to \$16,774,845, a decrease of \$7,864,514 or 31.9 percent. Over this same period, the AV of the City as a whole increased by 16.25 percent. The majority of the significant decrease in AV is attributable to two buildings within the Project Area. The first building is the parking garage owned by Amtrak located at Jackson and Canal

Streets which had an AV of \$4,939,999 in 1991 and then later became tax exempt. The AV of the second building, located at 547 West Jackson, was reduced by \$2,878,543 between 1991 and 1997 because it is owned and partially occupied by the public Commuter Rail Division of RTA. Excluding these two buildings from the analysis, the AV of the Project Area between 1991 and 1997 decreased \$45,972 or .27 percent.

- Between 1991 and 1997, the Equalized Assessed Value (the "EAV") of the Project Area decreased from \$50,567,356 to \$36,047,464, a decrease of \$14,519,892 or 28.7 percent. Over this same period, the EAV of the City as a whole increased by 21.7 percent. As stated in the above paragraph, the majority of the significant decrease in EAV is attributable to two buildings within the Project Area. Excluding these two buildings from the analysis, the EAV of the Project Area between 1991 and 1997 decreased \$1,526,099 or 4.4 percent.
- A significant number of buildings within the Project Area are vacant or underutilized. In particular, the Old Main Post Office has been vacant for almost four years, which represents over 2.4 million square feet of undeveloped space. The building located at 444 West Jackson has been vacant for over 10 years, which totals over 80,000 square feet of undeveloped space. Also, Union Station has been approximately 60 percent vacant for over 15 years. In addition to the above buildings, close to 100,000 square feet of vacant space is reported to exist in six other buildings within the Project Area. This vacant space is evidence of the lack of growth and development within the Project Area.

Without a comprehensive and area-wide effort by the City to promote investment, the Project Area will not likely be subject to sound growth and development through private investment. In spite of existing plans and City programs which support the rehabilitation and improvement of the Project Area, minimal new construction and private investment has occurred in the Project Area. The Project Area developed more than 75 years ago on a parcel-by-parcel basis without the benefit of community planning guidelines and standards. Today, much of the Project Area is characterized by dilapidation, obsolescence, deterioration, structures below minimum code standards, excessive vacancies, lack of light, ventilation, and sanitary facilities, deleterious land-use or layout, depreciation of physical maintenance and an overall lack of community planning.

While small-scale, piecemeal development might occur in limited portions of the Project Area, the City believes that the Project Area should be revitalized on a coordinated, comprehensive and planned basis to ensure continuity with the planning efforts of the greater central area and surrounding neighborhoods. A coordinated and comprehensive redevelopment effort will allow the City and other taxing districts to work cooperatively to prepare for the increased service demands that may arise from the conversion of underutilized land and buildings to more intensive uses. Such a comprehensive redevelopment plan will also encourage job training to assist in putting residents of the neighborhood and the surrounding neighborhoods to work in jobs anticipated to be created within the Project Area.

## ***B. Tax Increment Financing***

In January 1977, Tax Increment Financing ("TIF") was authorized by the Illinois General Assembly through passage of the *Tax Increment Allocation Redevelopment Act*, 65 ILCS 5/11-74.4-1 *et seq.*, as amended (the "Act"). The Act provides a means for municipalities, after the approval of a redevelopment plan and project, to redevelop blighted, conservation, or industrial park conservation areas and to finance eligible "redevelopment project costs" with incremental property tax revenues. "Incremental Property Tax" or "Incremental Property Taxes" are derived from the increase in the current EAV of real property within the redevelopment project area over and above the "Certified Initial EAV" of such real property. Any increase in EAV is then multiplied by the current tax rate which results in Incremental Property Taxes. A decline in current EAV does not result in a negative Incremental Property Tax.

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

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

## ***C. The Redevelopment Plan for the Canal/Congress Tax Increment Financing Redevelopment Project Area***

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

TPAP and RMCA have prepared the Canal/Congress Tax Increment Financing Redevelopment Plan and Project (the "Redevelopment Plan") and the related eligibility study with the understanding that the City would rely on (i) the findings and conclusions of the Redevelopment Plan



and the related eligibility study in proceeding with the designation of the Redevelopment Plan, and (ii) the fact that TPAP and RMCA have obtained the necessary information so that the Redevelopment Plan and the related eligibility study will comply with the Act.

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

1. On a coordinated rather than piecemeal basis to ensure that land use, access and circulation, parking, public services and urban design are functionally integrated and meet present-day principles and standards; and
2. On a reasonable, comprehensive and integrated basis to ensure that the factors of blight and conservation are eliminated; and
3. Within a reasonable and defined time period so that the Project Area may contribute productively to the economic vitality of the City.

Redevelopment of the Project Area will constitute a large and complex endeavor, and presents challenges and opportunities commensurate with its scale. The success of this redevelopment effort will depend to a large extent on the cooperation between the private sector and agencies of local government. Adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for redevelopment of the Project Area. By means of public investment, the Project Area will become a stable environment that will again attract private investment. Public investment will set the stage for area-wide redevelopment by the private sector. Through this Redevelopment Plan, the City will serve as the central force for directing the assets and energies of the private sector to ensure a unified and cooperative public-private redevelopment effort.

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

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

Successful implementation of this Redevelopment Plan requires that the City utilize Incremental Property Taxes and other resources in accordance with the Act to stimulate the comprehensive and coordinated development of the Project Area. Only through the utilization of TIF will the Project Area develop on a comprehensive and coordinated basis, thereby eliminating

the existing and threatened blight and conservation area conditions which have limited development of the Project Area by the private sector.

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

- An increased property tax base arising from new business and residential development and the rehabilitation of existing buildings.
- An increased sales tax base resulting from new and existing retail development.
- An increase in construction, business, retail, commercial, and other full-time employment opportunities for existing and future residents of the City.
- The construction of an improved system of roadways, utilities and other infrastructure which better serves existing businesses and adequately accommodates desired new development.

## II. LEGAL DESCRIPTION AND PROJECT BOUNDARY

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

The Project Area is generally bounded on the north by Madison, Monroe and Adams Streets; on the south by Congress Parkway and Harrison Street; on the east by Clinton and Canal Streets and the South Branch of the Chicago River; and on the west by the Kennedy Expressway and Desplaines Street.

The boundaries of the Project Area are legally described in Exhibit I at the end of this report.

## III. ELIGIBILITY CONDITIONS

The results summarized in this section are more fully described in a separate report which presents the definition, application and extent of the conservation and blight factors in the Project Area. The report, prepared by RMCA with assistance from TPAP is entitled "Canal/Congress Tax Increment Financing Eligibility Study," is attached as Exhibit IV to this Redevelopment Plan.

Based upon surveys, inspections and analyses of the Project Area, the Project Area qualifies as a "conservation area" within the requirements of the Act. Fifty percent (50%) or more of the

buildings in the Project Area have an age of 35 years or more, and the Project Area is characterized by the presence of a combination of three or more of the conservation factors listed in the Act, rendering the Project Area detrimental to the public safety, health and welfare of the citizens of the City. The Project Area is not yet a blighted area, but it may become a blighted area. Specifically,

- Of the 33 buildings in the Project Area, 30 buildings (91 %) are 35 years of age or older.
- Of the remaining 14 factors set forth in the Act for conservation areas, nine factors are found to be present.
- Six of the nine factors found to be present are found to be present to a major extent and are reasonably distributed throughout the Project Area. These factors include: obsolescence, deterioration, structures below minimum code, excessive vacancies, depreciation of physical maintenance and lack of community planning.
- Three of the nine factors found to be present area found to be present to a limited extent. These factors include: dilapidation, lack of light, ventilation and sanitary facilities, and deleterious land use or layout.
- All blocks within the Project Area show the presence of conservation factors.
- The Project Area includes only real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

#### *A. Surveys and Analyses Conducted*

The conservation and blight factors found to be present in the Project Area are based upon surveys and analyses conducted by RMCA and TPAP. The surveys and analyses conducted for the Project Area include:

1. Exterior survey of the condition and use of each building;
2. Interior building survey of the interior condition and use of 24 of the 32 buildings (interior access for 9 buildings was not available);
3. Site surveys of streets, alleys, sidewalks, curbs and gutters, lighting, parking facilities, landscaping, fences and walls, and general property maintenance;
4. Analysis of existing uses and their relationships;
5. Comparison of interior and exterior building conditions to property maintenance codes of the City;
6. Analysis of current parcel configuration and building size and layout;
7. Analysis of vacant sites and vacant buildings;
8. Analysis of building floor area and site coverage;
9. Analysis of building permits issued for the Project Area from January 1993 to May 1998;

10. Analysis of building code violations for the Project Area from January 1993 to May 1998; and
11. Review of previously prepared plans, studies, policies and data.

#### **IV. REDEVELOPMENT GOALS AND OBJECTIVES**

Comprehensive and coordinated area-wide investment in new public and private improvements and facilities is essential for the successful redevelopment of the Project Area and the elimination of conditions that have impeded redevelopment of the Project Area in the past. Redevelopment of the Project Area will benefit the City through improvements in the physical environment, an increased tax base, and additional employment opportunities.

This section identifies the general goals and objectives adopted by the City for redevelopment of the Project Area. Section V presents more specific objectives for development and design within the Project Area and the redevelopment activities the City plans to undertake to achieve the goals and objectives presented in this section.

##### ***A. General Goals***

Listed below are the general goals adopted by the City for redevelopment of the Project Area. These goals provide overall focus and direction for this Redevelopment Plan.

1. An improved quality of life in the Project Area and the surrounding community.
2. Elimination of the influences and manifestations of physical and economic deterioration and obsolescence within the Project Area.
3. An environment which will contribute more positively to the health, safety and general welfare of the Project Area and the surrounding community.
4. An environment which will preserve or enhance the value of properties within and adjacent to the Project Area.
5. An increased real estate and sales tax base for the City and other taxing districts having jurisdiction over the Project Area.
6. The retention and enhancement of sound and viable existing businesses and industries within the Project Area.
7. The attraction of new business, commercial, retail, light industrial, institutional and residential development and the creation of new job opportunities within the Project Area.
8. Employment of residents within the Project Area and within the adjacent communities in jobs in the Project Area and in adjacent redevelopment project areas. When appropriate, developers and businesses should avail themselves to local community groups and training institutions to identify, pre-screen and provide pre-employment training to local residents.

***B. Redevelopment Objectives***

Listed below are the redevelopment objectives which will guide planning decisions regarding redevelopment within the Project Area.

1. Reduce or eliminate those conditions which qualify the Project Area as a conservation area. These conditions are described in detail in Exhibit IV to this Redevelopment Plan.
2. Strengthen the economic well-being of the Project Area by increasing taxable values.
3. Assemble or encourage the assembly of land into parcels of appropriate shape and sufficient size for redevelopment in accordance with this Redevelopment Plan.
4. Create an environment which stimulates private investment in the upgrading and expansion of existing businesses and the construction of new business, residential and commercial facilities.
5. Encourage visually attractive buildings, rights-of-way and open spaces and encourage high standards of design, including river edge amenities where appropriate.
6. Rehabilitate and enhance historically significant buildings within the Project Area.
7. Provide needed improvements and facilities in proper relationship to the projected demand for such facilities and in accordance with present-day design standards for such facilities.
8. Provide needed incentives to encourage a broad range of improvements in business retention, rehabilitation and new development.
9. Establish job readiness and job training programs to provide residents within the Project Area and within the surrounding adjacent communities with the skills necessary to secure jobs in the Project Area and in adjacent redevelopment project areas.
10. Secure commitments from employers in the Project Area and adjacent redevelopment project areas to interview graduates of the Project Area's job readiness and job training programs.
11. Create new job opportunities for City residents utilizing first source hiring programs and appropriate job training programs.
12. Provide opportunities for women and minority businesses to share in the redevelopment of the Project Area.

## V. REDEVELOPMENT PROJECT

This section presents the Redevelopment Project anticipated to be undertaken by the City and by private entities on behalf of the City in furtherance of this Redevelopment Plan. Several previous plans and policies, including the 1973 *Chicago 21 Plan*; the 1985 *Report of The West Loop Task Force*; the 1990 *West Loop Development Plan Executive Summary*; the November 1993 draft report, *The West Loop Development Plan and Executive Summary; Downtown Parking Policies*, City of Chicago, 1989; *Guidelines for Transit-Supportive Development*, CTA, 1996; and the *Mayor's Parking Task Force Report*, City of Chicago, 1997 have been reviewed and form the basis for many of the recommendations presented in this Redevelopment Plan.

The Redevelopment Project described in this Redevelopment Plan and pursuant to the Act includes: a) the overall redevelopment concept, b) the land use plan, c) improvement and development recommendations for planning subareas, d) development and design objectives, e) a description of redevelopment improvements and activities, f) estimated redevelopment project costs, g) a description of sources of funds to pay estimated redevelopment project costs, h) a description of obligations that may be issued, and i) identification of the most recent EAV of properties in the Project Area and an estimate of future EAV.

### A. Overall Redevelopment Concept

The Project Area should be redeveloped as a cohesive and distinctive business and residential district that functions as part of the central business district and serves as a link between the Loop and the Near West Side Communities. It should consist of residential and business uses offering a range of site development opportunities; commercial uses that serve and support surrounding neighborhoods and employment centers; and a range of public facilities, open spaces and pedestrian amenities. The river's edge should be improved and enhanced as an open space amenity and river walkway.

The Project Area should be redeveloped as a mixed use district. Within the Project Area, viable existing businesses should be retained and enhanced, and new business, institutional, government, transportation, residential, and retail development should be undertaken in the existing vacant or underutilized properties within the Project Area.

The entire Project Area should be marked by improvements in safety and infrastructure, retention and expansion of jobs and businesses, new business and residential development, and enhancement of the area's overall image and appearance. Improvement projects should include:

the rehabilitation and reuse of existing office, warehouse, industrial and commercial buildings; new office, residential and commercial construction; street and infrastructure improvements; creation of open space, landscaping and other appearance enhancements; and the provision of new amenities which both businesses and residents expect to find in a contemporary mixed use urban neighborhood.

The Project Area should have good accessibility and should be served by a street system and public transportation facilities that provide safe and convenient access to and circulation within the Project Area.

The Project Area should be characterized by a planned network of open spaces and public amenities which will organize and provide focus to the Project Area. An open space network should be created which links business centers, retail, residential development, open spaces, the river front, landscaped streets and surrounding amenities.

The Project Area should have a coherent overall design and character. Individual developments should be visually distinctive and compatible. The Project Area should respect the City's traditional downtown business district form which is characterized by a grid pattern of streets with buildings facing the street and located at or very near the front property line.

### *B. Land Use Plan*

Figure 2 presents the Land-Use Plan that will be in effect upon adoption of this Redevelopment Plan.

The Project Area's strategic location directly west of the Loop and east of Greek Town and the Kennedy and Eisenhower Expressways, creates an environment suitable for a mix of land uses. As indicated in Figure 2, the mix of land uses include: office, retail, residential, entertainment, cultural, government, institutional, open space and transportation. Several key factors have contributed to the appropriateness of the mixed use district within the Project Area and are listed below.

1. Adjacency to the Loop allows for an incremental expansion of the Loop while maintaining the compactness of the central business district.
2. Proximity to the expressways, commuter rail lines, numerous CTA bus routes, CTA Subway Station and the Loop has made the Project Area attractive for residential development, loft conversions, office and institutional developments.
3. Retail, entertainment, restaurants and open spaces are requisites for creating a viable urban neighborhood and attracting prospective residents and office tenants.

The combination of all the above uses creates a viable urban district full of energy and life, enabling a smooth transition between the densely developed Loop and the less dense Near West Side. A mixed-use district will establish a gradual functional and physical transition from the Loop's office towers to the surrounding neighborhoods.

The Land Use Plan highlights numerous opportunities for mixed use improvement, enhancement and new development within the Project Area. The Plan is focused on maintaining and enhancing sound and viable existing businesses, and promoting new business and residential development at selected locations.

Recommended land use strategies for specific subareas are presented in the following section of this Redevelopment Plan.

### *C. Planning Subareas*

The Project Area has been subdivided into five (5) subareas, each of which would be suitable for a different mix of uses and intensity of development, and each of which warrants a different approach to improvement and redevelopment (See Figure 3).

It should be emphasized that the boundaries of these subareas and the specification of uses within the subareas are for guidance only, and are subject to refinement and modification as a part of the City's planned development process.

Key recommendations for individual subareas are highlighted below. More specific development and design objectives for the Project Area are presented in a following section of this Redevelopment Plan.

#### *Subarea A*

Subarea A encompasses the northern portion of the Project Area and is generally bounded by the Kennedy Expressway on the west, Jefferson Street on the east, the alley south of Washington Street and Monroe Street on the north, and Adams Street on the south. The existing land uses include surface parking lots, a wall-paper distribution facility, and a restaurant.

As additional residential development occurs within and near the Project Area, open space; park facilities, a community center and educational institutions will be needed to serve the growing residential population. Subarea A is recommended for such uses. Currently there are no park facilities or community facilities within the Project Area or surrounding neighborhoods. Open space is designated in Figure 2: *Land Use Plan* for the block bounded by Monroe Street on the north, Adams Street on the south, Desplaines Street on the west and Jefferson Street on the east. In the event that an alternative location is developed as



open space, the designated block may be developed according to the land uses recommended for adjacent properties within the Mixed-Use District illustrated in Figure 2.

The current use of surface parking could be easily converted to open space and public uses. New facilities in this location would be easily accessible to the adjacent residences in Presidential Towers, St. Patrick's School, existing office buildings, and future residential and office developments. Also, if future development increases the demand for community facilities and services, Subarea A could serve as a possible development site for a community center.

Because Subarea A is adjacent to exits off the Kennedy Expressway, it is encouraged that long-term parking facilities be maintained and improved. Locating parking for downtown commuters on the periphery of downtown will help prevent heavy traffic congestion within the Loop.

#### *Subarea B*

Subarea B encompasses three areas within the Project Area. The first area is located at the northern end of the Project, and is generally bounded by Monroe Street on the north, Jefferson Street on the west, Adams Street on the south and Clinton Street on the east. The second area is the central portion of the Project Area, and is generally bounded by Adams Street on the north, Desplains Street on the west, Harrison Street on the south, and Canal Street on the east. The third area includes the vacant building located at the northeast corner of Canal and Jackson Streets.

Subarea B currently contains a mix of uses. Major existing uses include a number of office buildings ranging from one to ten stories, warehouse activity, several restaurants, various business service operations, a parking garage, a furniture outlet store, a barber, and surface parking lots. The Clinton/Harrison "Blue" Line Subway Station is located under Congress Parkway; this facility should be maintained and upgraded and more attractive passenger access should be provided from the north and south. The existing underground pedway system within the subarea should be extended to connect major transit facilities and future development within the surrounding area, providing access during inclement weather.

Subarea B is an older, established business area which has good regional accessibility and visibility, as well as access to the rail and public transit systems. While it is essentially built up, it does include several relatively large office buildings that are vacant or are not fully occupied and there are several surface parking lots within the subarea that should eventually be redeveloped into a higher use. However, since the surface parking lots located underneath Congress Parkway and the interchange utilize undevelopable space, they should be maintained and upgraded. In addition, there also are several marginal, obsolete and severely deteriorated properties that should be redeveloped.

Subarea B is recommended for a mix of uses including office, retail, entertainment, residential, hotels, institutional and open space. Retail and entertainment should be located on the first and second floors of the buildings to create a pedestrian-oriented environment and to help activate the street. If underutilized buildings are not needed for office or warehouse use, loft conversion is recommended.

#### *Subarea C*

Subarea C encompasses Union Station and is bounded by Adams Street on the north, Canal Street on the east, Clinton Street on the west, and Jackson Street on the south.

Union Station has been highlighted as a separate subarea because it serves a distinct purpose and possesses significant development potential. Union Station is a transportation hub for Amtrak and Metra rail lines and is the destination and departure point for thousands of commuters and intercity travelers on a daily basis. However, most of this activity is taking place on the underground levels of Union Station while the upper levels are predominantly vacant and poorly maintained. If sufficiently rehabilitated, Union Station represents a significant redevelopment opportunity.

Possible uses for Subarea C include retail, entertainment, cultural uses, transportation, restaurants, office, and hotel facilities. Union Station should be rehabilitated and maintained because it contributes to the architectural character of the Project Area and surrounding area. The rehabilitation of Union Station should take into consideration the future needs of both Amtrak and Metra passengers. Sufficient space for passenger facilities should be identified.

#### *Subarea D*

Subarea D encompasses the central west portion of the Project Area and is generally bounded by Gladys Street on the north, the Kennedy and Eisenhower Expressways on the west, Congress Parkway on the south, and Desplaines Street on the east. The existing uses are a pump house, vacant land, a fire station, a parking lot for an auto dealer, and a vacant substandard building.

The majority of Subarea D is poorly maintained and contains vacant land and marginal properties. These properties should be redeveloped for new business use, open space, a gateway to the West Loop, parking, CTA bus terminals or bus turnarounds to discourage bus queuing on surrounding streets. The existing fire station should be upgraded and maintained to sufficiently serve existing and future development within the Project Area and surrounding area. Because of the presence of the adjacent expressway, the majority of the property in Subarea D has limited size and a challenging configuration which lends itself to open space, a gateway to the West Loop, parking, and small-scale development.

### *Subarea E*

Subarea E encompasses the former Main Post Office and is generally bounded by Van Buren Street on the north, Canal Street on the west, Harrison Street on the south, and the Chicago River on the east.

After postal operations relocated to a new facility at Canal Street and Polk Street, the former Main Post Office has been vacant for about four years. This architecturally significant building which was built between 1921 and 1933, offers over 2.4 million square feet of space which is available for reuse or redevelopment. Because of the sheer magnitude of the this property, it is recommended that the building be redeveloped as a mixed-use development since no one single use is likely to effectively utilize the available space. Within this mixed use framework, a multitude of uses would be appropriate including: office, retail, residential, entertainment, cultural, transportation, warehousing, institutional and government. The feasibility of a new entrance to the Clinton/Congress rapid transit station should be considered in future plans.

Track level platforms beneath the Post Office should be retained to provide sufficient capacity for the future growth in commuter rail and intercity service. Portions of the Post Office building, especially the former Post Office lobby, could be used for future passenger facilities if proposals by Illinois and other Midwestern states for expanded intercity rail service are realized. An interagency task force should be formed to recommend a comprehensive approach to rail terminal issues and their relation to development plans.

The enhancement of the Chicago River corridor in this subarea should be encouraged. Possible amenities should include a river walkway and a river gateway park at dock level.

### *D. Development And Design Objectives*

Listed below are the specific Development and Design Objectives which will assist the City in directing and coordinating public and private improvement and investment within the Project Area in order to achieve the general goals and objectives identified in *Section II* of this Redevelopment Plan.

The Development and Design Objectives are intended to help attract a variety of desirable uses such as new business, institutional, commercial and residential development; foster a consistent and coordinated development pattern; and create an attractive urban identity for the Project Area.

**a) Land Use**

- Promote comprehensive, area-wide redevelopment of the Project Area as a planned mixed-use district, allowing a wide range of business, residential, retail, commercial services, public and institutional uses.
- Promote business retention and new employment development throughout the Project Area.
- Encourage the clustering of similar and supporting commercial uses to promote cumulative attraction and multi-stop shopping.
- Promote convenience retail and service uses that can provide for the day-to-day needs of nearby residents, employees and business patrons.

**b) Building and Site Development**

- Where feasible, repair and rehabilitate existing buildings in poor condition.
- Where rehabilitation is not feasible, demolish deteriorated existing buildings to allow for new development.
- Reuse vacant buildings in serviceable condition for new businesses, residential uses, or mixed-use development.
- Ensure that the design of new buildings is compatible with the surrounding building context.
- Preserve buildings with historic and architectural value where appropriate.
- Locate building service and loading areas away from front entrances and major streets where possible.
- Encourage parking, service, loading and support facilities which can be shared by multiple businesses.
- Encourage retail, entertainment, and restaurants on the first and second floors of buildings to create a pedestrian-oriented environment.
- Improve the design and appearance of commercial storefronts, including facade treatment, color, materials, awnings and canopies, and commercial signage.

**c) Transportation and Infrastructure**

- Ensure safe and convenient access to and circulation within the Project Area for pedestrians, bicyclists, autos, trucks and public transportation.

- Alleviate traffic congestion along arterial routes through limited driveways, shared loading zones, efficient bus stop spacing and traffic management improvements.
- Improve the street surface conditions, street lighting, and traffic signalization.
- Promote "transit-friendly" developments that incorporate transit facilities into their design.
- Create small "arrival" places or mini-plazas at the entrances to transit subway stations.
- Provide well-defined, safe pedestrian connections between developments within the Project Area and nearby destinations.
- Promote the development of river edge amenities and provide a continuous pedestrian corridor along the river.
- Extend the underground pedway system to connect major transit facilities, providing access during inclement weather.
- Upgrade public utilities and infrastructure as required.
- Protect passenger rail infrastructure and maintain flexibility to allow for growth in intercity and commuter rail transportation; develop plans that have flexibility to meet future needs.
- Protect track and platform capacity under Union Station and the old Post Office for expanded rail operations, including high - speed rail service.

**d) Parking**

- Ensure that all commercial/retail businesses are served by an adequate supply of conveniently located parking.
- Maintain curb parking on selected streets to serve the retail and commercial businesses.
- Promote shared parking through cooperative arrangements between businesses which would permit existing parking lots to be used by neighboring businesses during off-peak periods.
- Ensure that parking lots are attractively designed and adequately maintained.
- Promote the use of ground floor space within parking structures for retail or service businesses.

**e) Urban Design**

- Provide new pedestrian-scale lighting in areas with intense pedestrian activity.
- Provide new street trees and accent lighting where space permits.
- Promote high quality and harmonious architectural and landscape design within the mixed use district.
- Enhance the appearance of the Project Area by landscaping the major street corridors.
- Provide distinctive design features, including landscaping and signage, at the major entryways into the Project Area.
- Install streetpole banners throughout the Project Area to signal revitalization and reinvestment.
- Clean-up and maintain vacant land, particularly in highly visible locations; where possible, use vacant lots for open space or pocket parks.
- Promote the development of "public art" at selected locations.

**f) Landscaping and Open Space**

- Promote the use of landscaping to screen dumpsters, waste collection areas, and the perimeter of parking lots and other vehicular use areas.
- Use landscaping and attractive fencing to screen loading and service areas from public view.
- Promote a continuous landscaped open space area along the river corridor.
- Promote the development of shared open spaces within the Project Area, including courtyards, eating areas, recreational areas, etc.
- Ensure that all open spaces are designed, landscaped and lighted to achieve a high level of security.
- Ensure that all landscaping and design materials comply with the City of Chicago Landscape Ordinance.

***E. Redevelopment Improvements and Activities***

The City proposes to achieve its redevelopment goals and objectives for the Project Area through the use of public financing techniques including, but not limited to, tax increment fi-

nancing, to undertake some or all of the activities and improvements authorized under the Act, including the activities and improvements described below. The City also maintains the flexibility to undertake additional activities and improvements authorized under the Act, if the need for activities or improvements change as redevelopment occurs in the Project Area.

The City may enter into redevelopment agreements with public or private entities for the furtherance of this Redevelopment Plan. Such redevelopment agreements may be for the assemblage of land; the construction, rehabilitation, renovation or restoration of improvements or facilities; the provision of services; or any other lawful purpose. Redevelopment agreements may contain terms and provisions which are more specific than the general principles set forth in this Redevelopment Plan and which include affordable housing requirements as described below.

It is City policy to require that developers who receive TIF assistance for market rate housing set aside 20 percent of the units or commit to an alternative affordable housing option pursuant to Department of Housing Guidelines to meet affordability criteria established by the City's Department of Housing. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120 percent of the area median income, and affordable rental units should be affordable to persons earning no more than 80% of the area median income.

#### 1. Property Assembly

To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Project Area. Land assemblage by the City may be by purchase, exchange, donation, lease or eminent domain and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties.

Figure 4, *Land Acquisition Overview Map*, indicates the area currently proposed to be acquired for clearance and redevelopment in the Project Area. Figure 4a: *Land Acquisition by Block & Parcel Identification Number* illustrates the acquisition properties in more detail.

In connection with the City exercising its power to acquire real property not currently identified on the following Acquisition Map, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and

authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Plan.

Land acquisition activities pursuant to the Land Acquisition Map will be initiated by the City within five years of the date of adoption of the Plan by the City.

As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and redevelopment. The City may demolish improvements, remove and grade soils and prepare sites with soils and materials suitable for new construction. Clearance and demolition will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized.

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

## 2. Relocation

Relocation assistance may be provided in order to facilitate redevelopment of portions of the Redevelopment Project Area and to meet other City objectives. Business or households legally occupying properties to be acquired by the City may be provided with relocation advisory and financial assistance as determined by the City.

## 3. Provision of Public Works or Improvements

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

### a) *Streets and Utilities*

A range of individual roadway, utility and related improvement projects, from repair and resurfacing to major construction or reconstruction, may be undertaken.



*b) Parks and Open Space*

Improvements to existing or future parks, river walkways, open spaces and public plazas may be provided, including the construction of pedestrian walkways, stairways, lighting, landscaping and general beautification improvements may be provided for the use of the general public.

*c) Transportation Infrastructure*

Improvements and/or expansion of the existing CTA Transit Subway Station at Harrison Street and Clinton Street may be provided to support the increased demand resulting from future development within the Project Area.

Extension of the underground pedway system to connect major transit facilities within the Project Area, providing access during inclement weather, may be undertaken.

**4. Rehabilitation of Existing Buildings**

The City will encourage the rehabilitation of buildings that are basically sound and/or historically significant, and are located so as not to impede the Redevelopment Project.

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

Separate or combined programs designed to increase the skills of the labor force to meet employers' hiring needs and to take advantage of the employment opportunities within the Project Area may be implemented.

**6. Taxing Districts Capital Costs**

The City may reimburse all or a portion of the costs incurred by certain taxing districts in the furtherance of the objectives of this Redevelopment Plan.

**7. Interest Subsidies**

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

- (a) such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- (b) such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year;

- (c) if there are not sufficient funds available in the special tax allocation fund to make the payment, then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
- (d) the total of such interest payments paid pursuant to the Act may not exceed 30 percent of the total (i) costs paid or incurred by a redeveloper for a redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by the City pursuant to the Act.

**8. Analysis, Administration, Studies, Surveys, Legal, etc.**

The City may undertake or engage professional consultants, engineers, architects, attorneys, etc. to conduct various analyses, studies, surveys, administration or legal services to establish, implement and manage this Redevelopment Plan.

***F. Redevelopment Project Costs***

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

**1. Eligible Redevelopment Project Costs**

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

- 1) Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to, staff and professional service costs for architectural, engineering, legal, marketing, financial, planning or other services, provided that no charges for professional services are based on a percentage of the tax increment collected;
- 2) Property assembly costs, including but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
- 3) Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures;
- 4) Costs of the construction of public works or improvements;
- 5) Costs of job training and retraining projects;

- 6) Financing costs including, but not limited to, all necessary and incidental expenses related to the issuance of obligations and which may include payment of interest on any obligations issued hereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for a period not exceeding 36 months following completion and including reasonable reserves related thereto;
- 7) All or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project to the extent the municipality by written agreement accepts and approves such costs;
- 8) Relocation costs to the extent that a municipality determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
- 9) Payment in lieu of taxes as defined in the Act;
- 10) Costs of job training, advanced vocational education or career education, including but not limited to, courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a redevelopment project area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken including but not limited to, the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40, and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Sections 10-22.20a and 10-23.3a of the School Code;
- 11) Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project provided that:
  1. such costs are to be paid directly from the special tax allocation fund established pursuant to this Act;
  2. such payments in any one year may not exceed 30 percent of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;

3. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this provision, then the amount so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund; and
  4. the total of such interest payments incurred pursuant to this Act may not exceed 30 percent of the total: (i) costs paid or incurred by the redeveloper for such redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to this Act.
- 12) Unless explicitly provided in the Act, the cost of construction of new privately-owned buildings shall not be an eligible redevelopment project cost.

If a special service area has been established pursuant to the Special Service Area Tax Act, 35 ILCS 235/0.01 *et. seq.* then any tax increment revenues derived from the tax imposed pursuant to the Special Service Area Tax Act may be used within the redevelopment project area for the purposes permitted by the Special Service Area Tax Act as well as the purposes permitted by the Act.

## 2. Estimated Redevelopment Project Costs

A range of redevelopment activities and improvements will be required to implement this Redevelopment Plan. The activities and improvements and their estimated costs are set forth in Exhibit II of this Redevelopment Plan. All estimates are based on 1998 dollars. Funds may be moved from one line item to another or to an eligible cost category described in this Plan.

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

## G. Sources of Funds to Pay Redevelopment Project Costs

Funds necessary to pay for Redevelopment Project Costs and secure municipal obligations issued for such costs are to be derived primarily from ~~Incremental Property Taxes~~. Other sources of funds which may be used to pay for Redevelopment Project Costs or ~~secure municipal obligations~~ are land disposition proceeds, state and federal grants, investment income, private financing and other legally permissible funds the City may deem appropriate. The City may incur redevelopment project costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed from such costs from incremental taxes. Also, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers. Additionally, the City may utilize revenues, other

than State sales tax increment revenues, received under the Act from one redevelopment project area for eligible costs in another redevelopment project area that is either contiguous to, or is separated only by a public right-of-way from, the redevelopment project area from which the revenues are received.

The Project Area is contiguous to the River South TIF and is separated only by a public right of way from the Near West Tax Increment Financing Redevelopment Project Area and may, in the future, be contiguous or separated by only a public right of way to other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or project areas separated only by a public right of way, and vice versa. The amount of revenue from the Project Area made available to support such contiguous redevelopment project areas or those separated only by a public right of way, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan.

The Project Area may become contiguous to, or be separated only by a public right of way from, redevelopment project areas created under the Industrial Jobs Recovery Law (65 ILCS 5/11-74.6-1, et seq.). If the City finds that the goals, objectives and financial success of such contiguous redevelopment project areas or those separated only by a public right of way are interdependent with those of the Project Area, the City may determine that it is in the best interests of the City and in furtherance of the purposes of the Redevelopment Plan that net revenues from the Project Area be made available to support any such redevelopment project areas. The City therefore proposes to utilize net incremental revenues received from the Project Area to pay eligible redevelopment project costs (which are eligible under the Industrial Jobs Recovery Law referred to above) in any such areas and vice versa. Such revenues may be transferred or loaned between the Project Area and such areas. The amount of revenue from the Project Area so made available, when added to all amounts used to pay eligible Redevelopment Project Costs within the Project Area or other areas as described in the preceding paragraph, shall not at any time exceed the total Redevelopment Project Costs described in Table 1 of this Redevelopment Plan.

#### ~~H. Issuance of Obligations~~

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

~~All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be required within 23 years from the adoption of the ordinance approving the Project Area and the Re-~~

~~development Plan, such ultimate retirement date occurring in the year 2021. Also, the final maturity date of any such obligations which are issued may not be later than 20 years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. Obligations may be issued on a parity or subordinated basis.~~

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

## ***I. Valuation of the Project Area***

### **1. Most Recent EAV of Properties in the Project Area**

The most recent 1997 EAV of all taxable parcels in the Project Area is estimated to be \$36,047,464. This EAV is based on 1997 EAV and is subject to verification by the County Clerk. After verification, the final figure shall be certified by the County Clerk. This certified amount shall become the Certified Initial EAV from which all Incremental Property Taxes in the Project Area will be calculated by the County.

### **2. Anticipated Equalized Assessed Valuation**

By the tax year 2021 (collection year 2022) and following roadway and utility improvements, installation of additional and upgraded lighting, improved signage and landscaping, etc. and substantial completion of potential Redevelopment Projects, the EAV of the Project Area is estimated to total between \$204,000,000 and \$ 231,000,000. Both estimates are based on several key assumptions, including: 1) redevelopment of the Project Area will occur in a timely manner; 2) approximately 2,100,000 square feet of office/retail space will be constructed in the Project Area and occupied by 2021; 3) approximately 1,400,000 square feet of residential space will be constructed in the Project Area and occupied by 2021; 4) a hotel with approximately 150 rooms will be constructed in the Project Area and occupied by 2021; 5) an estimated annual inflation in EAV of 2 percent will be realized through 2021, and 6) the five year average state equalization factor of 2.1240 (tax years 1992 through 1996) is used in all years to calculate estimated EAV.

## **VI. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE**

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

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

### Physical Condition of the Project Area

- The Project Area is characterized by age (91% of the buildings are 35 years or older), obsolescence, deterioration, structures below minimum code specifications, excessive vacancies, depreciation of physical maintenance, and an overall lack of community planning .
- In over five years between January 1993 and May 1998 the City's Building Department issued 18 building code violations to 18 different buildings within the Project Area. This is 56% of the total buildings within the Project Area.
- A majority of the Project Area's infrastructure (i.e. streets, alleys, curbs and gutters, street lighting and sidewalks) needs major repair or replacement.

### Lack of New Construction and Renovation by Private Enterprise

- Within the last five years, no new buildings have been built in the Project Area. In this same time period, only three of the 32 buildings in the Project Area indicated significant building permit costs. The total building permit cost for these three buildings is \$2,034,080. Seventy-four percent (74%) of the total cost is attributable to interior renovations to the vacant hotel located at Harrison Street and Canal Street. Overall, the investment is very limited and scattered having little to no impact on the Project Area.
- Five warehouse structures have been demolished between January 1, 1993 and May 20, 1998 within the Project Area. This indicates a decline in business activity in the Project Area since these demolitions have not been replaced with new construction and the current use of the properties are surface parking lots.

### Lack of Investment and Growth by Private Enterprise

- Between 1991 and 1997, the AV of the Project Area decreased from \$24,639,359 to \$16,774,845, a decrease of \$7,864,514 or 31.9 percent. Over this same period, the AV of the City as a whole increased by 16.25 percent. The majority of the significant decrease in AV is attributable to two buildings within the Project Area. The first building is the parking garage owned by Amtrak located at Jackson and Canal Streets which had an AV of \$4,939,999 in 1991 and then later became tax exempt. The AV of the second building, located at 547 West Jackson, was reduced by \$2,878,543 between 1991 and 1997 because it is owned and partially occupied by the public Commuter Rail Division of RTA. Excluding these two buildings from the analysis, the AV of the Project Area between 1991 and 1997 decreased \$45,972 or .27 percent.
- Between 1991 and 1997, the EAV of the Project Area decreased from \$50,567,356 to \$36,047,464, a decrease of \$14,519,892 or 28.7 percent. Over this same period, the EAV of the City as a whole increased by 21.7 percent. As stated in the above paragraph, the majority of the significant decrease in EAV is attributable to two buildings within the Project Area. Excluding these two buildings from the analysis, the EAV of the Project Area between 1991 and 1997 decreased \$1,526,099 or 4.4 percent.
- A significant number of buildings within the Project Area are vacant or underutilized. In particular, the Old Main Post Office has been vacant for almost four years, which

represents over 2.4 million square feet of undeveloped space. The building located at 444 West Jackson has been vacant for over 10 years, which totals over 80,000 square feet of undeveloped space. Also, Union Station has been approximately 60 percent vacant for over 15 years. In addition to the above mentioned buildings, close to 100,000 square feet of vacant space is reported to exist in six other buildings within the Project Area. This vacant space is evidence of the lack of growth and development within the Project Area.

The following impediments to redevelopment illustrate why the Project Area would not reasonably be anticipated to be developed on a comprehensive and coordinated basis without the intervention of the City and the adoption of this Redevelopment Plan.

- The sheer magnitude of the adaptive reuse component of the Redevelopment Project is a deterrent to private investment. In particular, the former Main Post Office alone, has over 2.4 million square feet of available space and approximately 60 percent of Union Station has been available for redevelopment for over 15 years. The building located at 444 W. Jackson Street has been vacant for over 10 years, and contains over 80,000 square feet of undeveloped space. Also, within the Project Area there are numerous vacant warehouse/light industrial buildings available for adaptive reuse.
- The costs associated with the adaptive reuse of the former Main Post Office which have historically been distribution in nature are prohibitive, especially for its size and magnitude of the historic buildings. These extraordinary costs rule out private investment by most developers.
- The costs associated with the adaptive reuse of the vacant building located at 444 W. Jackson Street are also prohibitive due to the design of the building. Since the building was specifically built to be a trading area, the design of the building does not lend itself to be easily converted into office space. Essentially, the building is an empty shell, obsolete in its design and space due to the excessive ceiling heights and open floors and contains interior components in a partially demolished condition and an obsolete mechanical system. The building's obsolete design, coupled with years of deferred maintenance, requires significant investment and rehabilitation to adapt the building for a marketable use.
- The architecturally and historically significant former Main Post Office facility will require substantial investment to preserve the structures, including the renovation and restoration of the exterior facades, replacement of windows, doors, masonry and all other exterior elements.
- Extensive sidewalk repairs, street lighting, landscaping and other infrastructure improvements are necessary to transform the Project Area into a pedestrian-friendly environment.

In summary, the Project Area is not yet a blighted area, but is deteriorating and declining and may become a blighted area. The Project Area on the whole has not been subject to growth and development through investment by private enterprise. The Project Area would not reasonably be anticipated to be developed without the adoption of this Redevelopment Plan for the Project Area.



## VII. FINANCIAL IMPACT

Without the adoption of the Redevelopment Plan and TIF, the Project Area is not reasonably expected to be redeveloped by private enterprise. In the absence of City-sponsored redevelopment initiatives, there is a prospect that conservation and blight factors will continue to exist and spread, and the Project Area on the whole and adjacent properties will become less attractive for the maintenance and improvement of existing buildings and sites. In the absence of City-sponsored redevelopment initiatives, erosion of the assessed valuation of property in and outside of the Project Area could lead to a reduction of real estate tax revenue to all taxing districts.

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

The Redevelopment Project is expected to have significant short- and long-term positive financial impacts on the taxing districts affected by this Redevelopment Plan. In the short-term, the City's effective use of TIF can be expected to stabilize existing assessed values in the Project Area, thereby stabilizing the existing tax base for local taxing agencies. In the long-term, after the completion of all redevelopment improvements and activities, Redevelopment Projects and the payment of all Redevelopment Project Costs and municipal obligations, the taxing districts will benefit from the enhanced tax base which results from the increase in EAV caused by the Redevelopment Projects.

## VIII. DEMAND ON TAXING DISTRICT SERVICES

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

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

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

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

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

Board of Education of the City of Chicago. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade. No public schools are located in the Project Area.

Chicago Park District. The Park District is responsible for the provision, maintenance and operation of park and recreational facilities throughout the City and for the provision of recreation programs. There are no parks located within the Project Area.

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

City of Chicago. The City is responsible for the provision of a wide range of municipal services; including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes, etc. A fire station is located within the Project Area and is illustrated in Figure 5, *Surrounding Community Facilities*.

City of Chicago Library Fund. General responsibilities of the Library Fund include the provision, maintenance and operation of the City's library facilities.

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

#### *A. Impact of the Redevelopment Project*

The replacement of vacant and underutilized properties with business, residential, and other development may cause increased demand for services and/or capital improvements to be provided by the Metropolitan Water Reclamation District, the City, the Board of Education and the Chicago Park District. The estimated nature of these increased demands for services on these taxing districts are described below.

Metropolitan Water Reclamation District of Greater Chicago. The replacement of vacant and underutilized properties with new development may cause increased demand

for the services and/or capital improvements provided by the Metropolitan Water Reclamation District.

City of Chicago. The replacement of vacant and underutilized properties with new development may increase the demand for services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc.

Board of Education. The addition of new households with school-aged children to the Project Area may increase the demand for services and programs provided by the Board of Education. No public schools are located within the boundaries of the Project Area. The nearest public schools are the William Jones Metropolitan High School, the Andrew Jackson Language Academy, Skinner Elementary School and the Whitney Young Magnet High School, the closest of which is located approximately one mile outside the boundaries of the Project Area. The locations of these schools are illustrated in Figure 5, *Surrounding Community Facilities*.

A survey was recently completed of seven former industrial buildings in the greater South and West Loop areas which have been rehabilitated and converted to loft-type, residential developments (three rental buildings and four condominiums). Of the seven buildings surveyed, three contained households with children and four consisted solely of households with no children. Of the 655 total units within these seven buildings, only thirteen (2.0 percent) contained households with children. This preliminary survey did not identify the number of school-age children within the units that contained children. As these developments are believed to consist of units which are similar to the type proposed for the former warehouse and office buildings within the Project Area, it is expected that the households that may be added to the Project Area will contain few school-age children and that the impact of the Redevelopment Project on the Board of Education may be minimal.

Chicago Park District. The replacement of vacant and underutilized properties with residential, business and other development may increase the demand for services, programs and capital improvements provided by the Chicago Park District within and adjacent to the Project Area. These public services or capital improvements may include, but are not necessarily limited to, the provision of additional open spaces and recreational facilities by the Chicago Park District. Currently, there are no parks located within the Project Area. The nearest parks are Dearborn Park and Grant Park located approximately one mile east of the Project Area and Sheridan Park and Skinner Park located approximately one mile west of the Project Area. The locations of these parks are illustrated in Figure 5, *Surrounding Community Facilities*.

***B. Program to Address Increased Demand for Services or Capital Improvements***

The following activities represent the City's program to address increased demand for services or capital improvements provided by the impacted taxing districts.

- It is expected that any increase in demand for treatment of sanitary and storm sewage associated with the Project Area can be adequately handled by existing treatment facilities maintained and operated by the Metropolitan Water Reclamation District. Therefore, no special program is proposed for the Metropolitan Water Reclamation District.
- It is expected that any increase in demand for City services and programs associated with the Project Area can be adequately handled by existing City, police, fire protection, sanitary collection and recycling services and programs maintained and operated by the City. Therefore, no special programs are proposed for the City.
- It is expected that the households that may be added to the Project Area will contain few school-aged children and, at this time, no special program is proposed for the Board of Education. The City and the Board of Education, will attempt to ensure that any increased demands for the services and capital improvements provided by the Board of Education are addressed in connection with any particular residential development in the Project Area.
- It is expected that the households and businesses that may be added to the Project Area may generate additional demand for recreational services and programs and may create the need for additional open spaces and recreational facilities operated by the Chicago Park District. The City intends to monitor development in the Project Area and, with the cooperation of the Chicago Park District, will attempt to ensure that any increased demands for the services and capital improvements provided by the Chicago Park District are addressed in connection with any particular residential and business development. One or more open space facilities will be provided to secure the needs of a rapidly expanding residential population and existing and future employees of the Project Area and nearby areas.
- It is expected that any increase in demand for Cook County, Cook County Forest Preserve District, and the Chicago Community College District 508's services and programs associated with the Project Area can be adequately handled by services and programs maintained and operated by these taxing districts. Therefore, at this time, no special programs are proposed for these taxing districts. Should demand increase so that it exceeds existing service and program capabilities, the City will work with the affected taxing district to determine what, if any, program is necessary to provide adequate services.

Exhibit II to this Redevelopment Plan illustrates the preliminary allocation of Redevelopment Project Costs.

## **IX. CONFORMITY OF THE REDEVELOPMENT PLAN FOR THE PROJECT AREA TO LAND USES APPROVED BY THE PLANNING COMMISSION OF THE CITY**

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

## **X. PHASING AND SCHEDULING**

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

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

The estimated date for completion of Redevelopment Projects is no later than the year 2021.

## **XI. PROVISIONS FOR AMENDING THIS REDEVELOPMENT PLAN**

This Redevelopment Plan may be amended pursuant to the Act.

## **XII. COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION PLAN**

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

- A) The assurance of equal opportunity in all personnel and employment actions, includ-

ing, but not limited to: hiring, training, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, age, handicapped status, national origin, creed or ancestry.

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

C) Redevelopers will meet City of Chicago standards for participation of Minority Business Enterprises and Woman Business Enterprises and the City Resident Construction Worker Employment Requirements as required in Redevelopment Agreements.

In order to implement these principles, the City shall require and promote equal employment practices and affirmative action on the part of itself and its contractors and vendors. In particular, parties engaged by the City shall be required to agree to the principles set forth in this section.

[Figure 1 referred to in this Canal/Congress Tax Increment Financing Redevelopment Project and Plan constitutes Exhibit "E" to the ordinance and is printed on page \_\_\_ of this Journal.]

[Figures 2, 3, 4, 4a -- Site 1, and 5 referred to in this Canal/Congress Tax Increment Financing Redevelopment Project and Plan printed on pages \_\_\_ through \_\_\_ of this Journal.]

[(Sub)Exhibit 1 referred to in this Canal/Congress Tax Increment Financing Redevelopment Project and Plan constitutes Exhibit "C" to the ordinance and is printed on pages \_\_\_ through \_\_\_ of this Journal.]

(Sub)Exhibits II, III and IV referred to in this Canal/Congress Tax Increment Financing Redevelopment Project and Plan read as follows:

*(Sub)Exhibit II.*  
 (To Canal/Congress Tax Increment Financing  
 Redevelopment Project And Plan)

*Estimated Redevelopment Project Costs.*

<b><u>ELIGIBLE EXPENSE</u></b>	<b><u>ESTIMATED COST</u></b>
<b>Analysis, Administration Studies, Surveys, Legal, Etc.</b>	\$ 2,500,000
<b>Property Assembly</b>	
- Acquisition	\$ 5,000,000
- Site Prep, Demolition and Environmental Remediation	\$10,000,000
<b>Rehabilitation of Existing Buildings</b>	\$43,000,000
<b>Public Works &amp; Improvements</b>	
- Streets and Utilities	\$ 6,000,000
- Parks and Open Space	\$ 9,000,000
<b>Taxing Districts Capital Costs</b>	\$ 1,200,000
<b>Relocation</b>	\$ 500,000
<b>Job Training</b>	\$ 5,000,000
<b>Developer/Interest Subsidy</b>	<u>\$ 6,500,000</u>
<b>TOTAL REDEVELOPMENT COSTS</b>	<b>\$88,700,000<sup>(1)</sup></b>

---

<sup>(1)</sup> Total Redevelopment Project Costs exclude any additional financing costs, including any interest expense, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Project Costs. Total Project Costs are inclusive of redevelopment project costs in contiguous redevelopment project areas that are permitted under the Act to be paid from incremental property taxes.

*(Sub)Exhibit III.*

(To Canal/Congress Tax Increment Financing  
Redevelopment Project And Plan)

*1997 Estimated E.A.V. By Tax Parcel*

<u>Count</u>	<u>PIN</u>	<u>Estimated 1997 EAV</u>	<u>Rail Road or Exempt</u>	<u>Count</u>	<u>PIN</u>	<u>Estimated 1997 EAV</u>	<u>Rail Road or Exempt</u>
1	17-09-339-005-0000	122,354	EX	42	17-16-106-012-0000	12,354	
2	17-09-339-006-0000	-	EX	43	17-16-106-016-0000	9,292	
3	17-09-339-007-0000	-	EX	44	17-16-106-017-0000	99,941	
4	17-09-339-010-0000	-	EX	45	17-16-106-018-0000	97,019	
5	17-09-339-011-0000	-	EX	46	17-16-106-019-0000	206,907	
6	17-09-339-012-0000	-	EX	47	17-16-106-021-0000	2,452	
7	17-09-339-013-0000	-	EX	48	17-16-106-022-0000	9,292	
8	17-09-339-014-0000	-	EX	49	17-16-106-025-0000	196,747	
9	17-09-339-015-0000	-	EX	50	17-16-106-026-0000	232,307	
10	17-16-100-019-0000	-	EX	51	17-16-106-030-0000	382,025	
11	17-16-100-020-0000	-	EX	52	17-16-106-033-0000	1,626,936	
12	17-16-100-031-8001	-		53	17-16-107-001-0000	137,895	
13	17-16-100-031-8002	6,180	EX	54	17-16-107-002-0000	193,113	
14	17-16-100-032-8001	-		55	17-16-107-003-0000	128,891	
15	17-16-100-032-8002	6,180	EX	56	17-16-107-004-0000	57,997	
16	17-16-100-033-8001	-		57	17-16-107-005-0000	57,997	
17	17-16-100-033-8002	12,537	EX	58	17-16-107-006-0000	64,441	
18	17-16-100-034-8001	-		59	17-16-107-007-0000	319,821	
19	17-16-100-034-8002	6,627	EX	60	17-16-107-008-0000	319,529	
20	17-16-100-035-8001	-		61	17-16-107-009-0000	160,755	
21	17-16-100-035-8002	4,410	EX	62	17-16-107-010-0000	321,555	
22	17-16-100-036-8001	-		63	17-16-107-012-0000	131,732	
23	17-16-100-036-8002	3,438	EX	64	17-16-107-013-0000	131,902	
24	17-16-100-037-8001	-		65	17-16-107-014-0000	131,732	
25	17-16-100-037-8002	5,381	EX	66	17-16-107-015-0000	438,410	
26	17-16-100-038-8001	-		67	17-16-107-016-0000	391,317	
27	17-16-100-038-8002	11,492	EX	68	17-16-107-017-0000	178,352	
28	17-16-100-039-8001	-		69	17-16-107-019-0000	159,309	
29	17-16-100-039-8002	15,451	EX	70	17-16-107-020-0000	244,513	
30	17-16-100-040-8001	-		71	17-16-107-022-0000	357,581	
31	17-16-100-040-8002	7,414	EX	72	17-16-111-001-0000	129,925	
32	17-16-100-041-8001	-		73	17-16-111-002-0000	76,439	
33	17-16-100-041-8002	1,440	EX	74	17-16-111-003-0000	80,272	
34	17-16-100-042-8001	-		75	17-16-111-004-0000	48,514	
35	17-16-100-042-8002	19,215	EX	76	17-16-111-005-0000	46,223	
36	17-16-100-043-0000	-		77	17-16-111-006-0000	46,223	
37	17-16-105-015-0000	456,254		78	17-16-111-007-0000	48,256	
38	17-16-105-027-0000	261,089		79	17-16-111-008-0000	98,495	
39	17-16-106-002-0000	65,047		80	17-16-111-009-0000	96,406	
40	17-16-106-003-0000	79,748		81	17-16-111-010-0000	87,069	
41	17-16-106-008-0000	223,853		82	17-16-111-011-0000	87,069	



<u>Count</u>	<u>PIN</u>	<u>Estimated 1997 EAV</u>	<u>Rail Road or Exempt</u>	<u>Count</u>	<u>PIN</u>	<u>Estimated 1997 EAV</u>	<u>Rail Road or Exempt</u>
83	17-16-111-012-0000	87,069		118	17-16-118-015-0000	1,009,014	
84	17-16-111-013-0000	87,069		119	17-16-118-016-0000	522,612	
85	17-16-111-014-0000	28,211		120	17-16-119-001-0000	-	EX
86	17-16-111-017-0000	127,802		121	17-16-119-002-0000	-	EX
87	17-16-111-019-0000	82,372		122	17-16-119-003-0000	225,377	
88	17-16-111-020-0000	497,313		123	17-16-119-004-0000	1,039,964	
89	17-16-111-021-0000	2,531,402		124	17-16-119-005-0000	370,107	
90	17-16-111-022-0000	-	EX	125	17-16-119-006-0000	-	EX
91	17-16-111-023-0000	1,626,666		126	17-16-119-007-0000	98,862	
92	17-16-111-024-0000	76,707		127	17-16-119-008-0000	128,603	
93	17-16-111-025-0000	109,431		128	17-16-119-009-0000	243,157	
94	17-16-111-026-0000	137,985		129	17-16-119-010-0000	104,093	
95	17-16-111-027-0000	72,029		130	17-16-119-011-0000	104,073	
96	17-16-113-002-0000	381,559		131	17-16-119-012-0000	160,970	
97	17-16-113-003-0000	761,383		132	17-16-119-013-0000	175,587	
98	17-16-113-009-0000	1,146,608		133	17-16-119-020-0000	142	
99	17-16-113-010-0000	3,336,739		134	17-16-119-021-0000	-	EX
100	17-16-114-003-0000	4		135	17-16-119-022-0000	-	EX
101	17-16-115-003-6001	-	RR	136	17-16-119-023-0000	-	EX
102	17-16-115-003-6030	-	EX	137	17-16-119-024-0000	-	EX
103	17-16-115-004-6001	-	RR	138	17-16-119-025-0000	-	EX
104	17-16-115-004-6003	-	EX	139	17-16-119-026-0000	-	EX
105	17-16-117-017-0000	-	EX	140	17-16-119-027-0000	-	EX
106	17-16-117-018-0000	141,389		141	17-16-119-028-0000	-	EX
107	17-16-117-019-0000	134,936		142	17-16-119-029-0000	-	EX
108	17-16-117-036-0000	67,108		143	17-16-119-030-0000	2	
109	17-16-117-037-0000	-	EX	144	17-16-119-031-0000	-	EX
110	17-16-117-038-0000	282,518		145	17-16-119-032-0000	2	
111	17-16-117-039-0000	-	EX	146	17-16-119-033-0000	-	EX
112	17-16-118-003-0000	133,017		147	17-16-119-034-0000	2	
113	17-16-118-004-0000	233,364		148	17-16-119-035-0000	-	EX
114	17-16-118-005-0000	251,608		149	17-16-119-036-0000	2	
115	17-16-118-006-0000	540,178		150	17-16-119-037-0000	-	EX
116	17-16-118-007-0000	-		151	17-16-119-038-0000	2	
117	17-16-118-008-0000	-		152	17-16-119-039-0000	-	EX
118	17-16-118-009-0000	-		153	17-16-119-040-0000	2	
119	17-16-118-010-0000	-		154	17-16-119-041-0000	-	EX
120	17-16-118-011-0000	-		155	17-16-119-042-0000	-	EX
121	17-16-118-012-0000	-		156	17-16-119-043-0000	-	EX
116	17-16-118-013-0000	970,071		157	17-16-119-044-0000	-	EX
117	17-16-118-014-0000	78,005		158	17-16-119-045-0000	-	EX

<u>Count</u>	<u>PIN</u>	<u>Estimated 1997 EAV</u>	<u>Rail Road or Exempt</u>	<u>Count</u>	<u>PIN</u>	<u>Estimated 1997 EAV</u>	<u>Rail Road or Exempt</u>
159	17-16-119-046-0000	-	EX	200	17-16-129-020-0000	48,733	
160	17-16-119-047-0000	-	EX	201	17-16-129-021-0000	48,733	
161	17-16-119-048-0000	2		202	17-16-129-022-0000	57,786	
162	17-16-119-049-0000	-	EX	203	17-16-129-023-0000	48,733	
163	17-16-119-050-0000	2		204	17-16-129-024-0000	115,381	
164	17-16-119-051-0000	-	EX	205	17-16-129-048-0000	-	EX
165	17-16-119-052-0000	4		206	17-16-129-049-0000	99,778	
166	17-16-119-053-0000	-	EX	207	17-16-129-057-0000	-	EX
167	17-16-119-054-0000	4		208	17-16-129-059-0000	-	EX
168	17-16-119-055-0000	4		209	17-16-129-061-0000	-	EX
169	17-16-119-056-0000	4		210	17-16-129-063-0000	-	EX
170	17-16-119-057-0000	4		211	17-16-129-067-0000	-	EX
171	17-16-119-058-0000	4		212	17-16-129-069-0000	-	EX
172	17-16-119-059-0000	4		213	17-16-129-072-0000	-	EX
173	17-16-119-060-0000	4		214	17-16-129-074-0000	-	EX
174	17-16-119-061-0000	4		215	17-16-129-076-0000	-	EX
175	17-16-120-008-8001	-	EX	216	17-16-129-079-0000	-	EX
176	17-16-120-008-8002	5,817		217	17-16-129-081-0000	1,084,380	
177	17-16-120-008-8003	5,817		218	17-16-129-082-8001	-	EX
178	17-16-120-009-0000	1,170,972		219	17-16-129-082-8002	8,733	
179	17-16-120-010-0000	-	EX	220	17-16-129-083-8001	-	EX
180	17-16-122-034-0000	-	EX	221	17-16-129-083-8002	8,733	
181	17-16-122-035-0000	-	EX	222	17-16-129-084-8001	-	EX
182	17-16-122-044-0000	-	EX	223	17-16-129-084-8002	10,353	
183	17-16-122-045-0000	-	EX	224	17-16-129-085-8001	-	EX
184	17-16-122-046-0000	-	EX	225	17-16-129-085-8002	10,353	
185	17-16-125-006-8001	-	EX	226	17-16-129-086-0000	1,381,854	
186	17-16-125-006-8002	8,299		227	17-16-130-001-0000	-	RR
187	17-16-125-011-0000	-		228	17-16-130-002-0000	-	EX
188	17-16-126-001-0000	1,956,679		229	17-16-130-004-0000	-	EX
189	17-16-126-013-0000	2,024,318		230	17-16-130-005-0000	-	EX
190	17-16-126-015-8001	-	EX	231	17-16-500-035-8001	-	EX
191	17-16-126-015-8002	16,048		232	17-16-500-035-8002	9,558	
192	17-16-129-012-0000	97,986		233	17-16-500-036-8001	-	EX
193	17-16-129-013-0000	97,986		234	17-16-500-036-8002	7,158	
194	17-16-129-014-0000	97,986		235	17-16-500-037-8001	-	EX
195	17-16-129-015-0000	97,986		236	17-16-500-037-8002	45,703	
196	17-16-129-016-0000	115,340		237	17-16-500-037-8003	12,440	
197	17-16-129-017-0000	118,778					
198	17-16-129-018-0000	118,778					
199	17-16-129-019-0000	49,996					

**Total Estimated 1997 EAV \$ 36,047,464**

(Sub)Exhibit IV.

(To Canal/Congress Tax Increment Financing  
Redevelopment Project And Plan)

*Canal/Congress Project Area Tax Increment  
Financing Eligibility Study.*

## I. EXECUTIVE SUMMARY

The purpose of this study entitled *Canal/Congress Redevelopment Project Area Eligibility Study* (the "Eligibility Study") is to document the conservation factors that are present within the Canal/Congress Redevelopment Project Area (the "Project Area"), and to determine whether the Project Area qualifies for designation as a "conservation area" within the definitions set forth in the *Illinois Tax Increment Allocation Redevelopment Act 65 ILCS 5/11-74.4, et. seq.*, as amended (the "Act").

The Project Area is located west of the City of Chicago's (the "City") central business district (the "Loop"), contains approximately 41.3 acres within seventeen (17) whole and partial blocks, and is generally bounded on the north by Madison, Monroe and Adams Streets; on the south by Congress Parkway and Harrison Street; on the east by Clinton and Canal Streets and the South Branch of the Chicago River; and on the west by the Kennedy Expressway and Desplaines Street. The boundary of the Project Area is illustrated in Figure 1, *Project Area Boundary*. A more detailed description of the Project Area is presented in the Redevelopment Plan and Project

The determination of whether the Project Area qualifies for designation as a redevelopment project area and for use of tax increment financing pursuant to the Act is made by the City following careful review and consideration of the conclusions contained in the Redevelopment Plan and Eligibility Study. The conclusions contained in the Eligibility Study are based on an analysis of conditions and conservation factors found to be present within the Project Area. The documentation, analysis and conclusion of conservation factors are based on surveys and analyses conducted by R. M. Chin & Associates, Inc. ("RMCA") and Trkla, Pettigrew, Allen & Payne, Inc. ("TPAP") during May, June, and July 1998.

The basis for designating an area as a redevelopment project area and adopting the use of tax increment financing is described in Section II, *Basis for Redevelopment*, and summarized briefly below. The summary which follows is limited to a discussion of the eligibility criteria for a conservation area.

As set forth in the Act, a "redevelopment project area" must be not less than 1½ acres, and the municipality must make a finding that there exist conditions which cause the area to be classified as a conservation area. A "conservation area" means any improved area within the boundaries of a redevelopment project area in which 50 percent 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; or lack of community planning—is detrimental to the public safety, health, morals or welfare and such an area may become a blighted area.

While it may be concluded that the mere presence of the minimum number of the stated factors in the Act may be sufficient to make a finding that there exist conditions which cause the area to be classified as a conservation area, the conclusions contained in the Eligibility Study are made on the basis that the conservation factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the conservation factors must be reasonably distributed throughout the Project Area so that basically good areas are not arbitrarily found to be conservation areas simply because of proximity to areas which are found to be conservation areas.

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

- Ninety-one (91) percent of the 33 buildings in the Project Area are 35 years of age or older.
- Of the 14 conservation area factors set forth in the Act, nine factors are found to be present. These factors include dilapidation, obsolescence, deterioration, structures below minimum code standards, excessive vacancies, lack of light, ventilation, and sanitary facilities, deleterious land-use or layout, depreciation of physical maintenance and lack of community planning.
- All blocks within the Project Area show the presence of conservation factors.
- Six of the factors present within the Project Area are found to be present to a major extent and are reasonably distributed throughout the Project Area. These factors are obsolescence, deterioration, structures below minimum code, excessive vacancies, depreciation of physical maintenance and lack of community planning.
- Three of the factors present within the Project Area are found to be present to a limited extent and are not widely distributed throughout the Project Area. These factors are dilapidation; lack of light, ventilation and sanitary facilities, and deleterious land use or layout.
- All blocks within the Project Area are not yet blighted, but because of the combination of conservation factors present within the Project Area, are detrimental to the public safety, health, morals or welfare and may become blighted.
- The Project Area includes only real property and improvements that will be substantially benefited by the proposed redevelopment project improvements.

The conclusions of the eligibility analyses indicate that the Project Area is in need of revitalization and guided growth to ensure that it will contribute to the long-term physical, economic, and social stability of the City. The analyses indicate that all blocks within the Project Area are not yet blighted areas, but are deteriorating and declining and may become blighted areas. The combination of factors present indicate that the Project Area as a whole has not been subject to growth and development through investment by private enterprise, and would not reasonably be anticipated to be developed without public action, including designating the Project Area as a redevelopment project area pursuant to the Act and adopting the use of tax increment financing to stimulate private investment.

Section III, *Eligibility Analysis and Conclusions*, contains a summary of the physical surveys conducted within the Project Area and the conclusions of the eligibility analyses undertaken to assist the City in determining whether the Project Area qualifies for designation as a redevelopment project area and use of tax increment financing pursuant to the Act.

## II. BASIS FOR REDEVELOPMENT

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

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

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

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

As set forth in the Act, a "redevelopment project area" means an area designated by the municipality which is not less in the aggregate than 1½ acres, and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted and conservation areas. The Project Area exceeds the minimum acreage requirements of the Act.

## ELIGIBILITY OF A BLIGHTED AREA

A blighted area may be either improved or vacant. If the area is improved (e.g., with industrial, commercial and residential buildings or improvements), a finding may be made that the area is blighted because of the presence of a combination of five or more of the following fourteen 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 lay-out
- Depreciation of physical maintenance
- Lack of community planning.

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

- 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 vacant land; deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.
- The area immediately prior to becoming vacant qualified as a blighted improved area.
- The area consists of an unused quarry or unused quarries.
- The area consists of unused railyards, rail tracks or railroad rights-of-way.
- The area, prior to the area's designation, is subject to chronic flooding which adversely impacts on real property which is included in or in proximity to any improvement on real property which has been in existence for at least five years and which substantially contributes to such flooding.
- The area consists of an unused disposal site, containing earth, stone, building debris or similar material, which were removed from construction, demolition, excavation or dredge

sites.

- The area is not less than 50 nor more than 100 acres and 75% of which is vacant, notwithstanding the fact that such area has been used for commercial agricultural purposes within five years prior to the designation of the redevelopment project area, and which area meets at least one of the factors itemized in the first bullet item above for a vacant blighted area, and the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.-

### **ELIGIBILITY OF A CONSERVATION AREA**

A conservation area is an improved area in which 50 percent or more of the structures in the area have an age of 35 years or more and there is a presence of a combination of three or more of the fourteen factors listed below. Such an area is not yet a blighted area, but because of a combination of three or more of these factors, the area may become a blighted area.

- 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 lay-out
- Depreciation of physical maintenance
- Lack of community planning.

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

1. The minimum number of factors must be present and the presence of each must be documented;

2. For a factor to be found present, it should be present to a meaningful extent so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act; and
3. The factors should be reasonably distributed throughout the redevelopment project area.

It is also important to note that the test of eligibility is based on the conditions of the Project Area as a whole; it is not required that eligibility be established for each and every property in the Project Area. While it may be concluded that the mere presence of the minimum number of the stated factors may be sufficient to make a finding of conservation or blight, the evaluation contained in the Eligibility Study was made on the basis that the conservation or blighting factors must be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. Secondly, the distribution of conservation or blighting factors throughout the Project Area must be reasonable so that basically good areas are not arbitrarily found to be conservation areas or blighted simply because of proximity to areas which are conservation or blighted areas.

### III. ELIGIBILITY ANALYSIS AND CONCLUSIONS

RMCA and TPAP conducted various surveys within the Project Area of existing conditions and land uses. Figure 2, *Existing Land Uses*, illustrates the various existing land uses within the Project Area. In conducting the surveys, Project Area conditions were documented and tabulated by the types of conservation factors listed in the Act. An analysis was made of each of the conservation area factors to determine the locations and extent to which each of the factors are present in the Project Area. Listed below are the types of surveys and analyses conducted by RMCA and TPAP.

1. Exterior survey of the condition and use of each building;
2. Interior building survey of 24 of the 33 buildings within the Project Area (interior access for 9 buildings was not available);
3. Site surveys of streets, alleys, sidewalks, curbs and gutters, lighting, parking facilities, landscaping, fences and walls, and general property maintenance;
4. Analysis of existing uses and their relationships;
5. Comparison of interior and exterior building conditions to property maintenance codes of the City;
6. Analysis of current parcel configuration and building size and layout;
7. Analysis of vacant sites and vacant buildings;
8. Analysis of building permits issued for the Project Area from January 1993 through May 1998;
9. Analysis of code violations recorded for the Project Area from January 1993 through May 1998; and
10. Review of previously prepared plans, transportation policies, studies and data.



Figure 3, *Interior/Exterior Survey Form*, presents the survey form used to record building conditions. An exterior survey was conducted on all 33 buildings located within the Project Area and an interior inspection was conducted on 24 buildings which RMCA and TPAP were able to gain sufficient access to conduct interior surveys.

Summarized below are a summary of the physical surveys conducted within the Project Area, and a summary of the eligibility analyses conducted for each of the 14 conservation area factors listed in the Act. The conditions that exist and the relative extent to which each factor is present in the Project Area are described. A factor noted as not present indicates either that no information was available or that no evidence could be documented as part of the various surveys and analyses. A factor noted as present to a limited extent indicates that conditions exist which document that the factor is present, but that the distribution or impact of the conservation or blight condition is limited. Finally, a factor noted as present to a major extent indicates that conditions exist which document that the factor is present throughout major portions of the block, and that the presence of such conditions has a major adverse impact or influence on adjacent and nearby development.

#### A. AGE

Age is a prerequisite factor in determining an area's qualification for designation as a conservation area. Age presumes the existence of problems or limiting conditions resulting from normal and continuous use of structures over a period of years. Since building deterioration and related structural problems can be a function of time, temperature, moisture and level of maintenance over an extended period of years, structures which are 35 years or older typically exhibit more problems and require greater maintenance than more recently constructed buildings. Furthermore, a serious concern exists for the presence of asbestos containing materials (ACM) and lead-based paint (LBP). Any thermal system insulation or surfacing material, such as floor and ceiling tiles, present in a building constructed before 1981 (17 years old) is likely to contain asbestos, and any building constructed before 1978 (20 years old) is likely to contain lead-based paint.

#### Conclusion

Of the 33 buildings within the Project Area, 30, or 91 percent, are 35 years of age or older. The Project Area meets the conservation area prerequisite that more than 50 percent of the structures are 35 years of age or older.

Figure 4, *Age*, illustrates the location of all buildings in the Project Area which are more than 35 years of age. This factor is widely distributed throughout the Project Area.

## B. DILAPIDATION

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

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

To determine the existence of dilapidation, an assessment was undertaken of all buildings within the Project Area. The process used for assessing building conditions, the standards and criteria used for evaluation, and the findings as to the existence of dilapidation are presented below.

The building condition analysis is based on exterior building inspections undertaken during May, June, and July of 1998. In addition, interior surveys of 24 buildings were conducted.

### 1. Building Components Evaluated.

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

#### Primary Structural

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

#### Secondary Components

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

#### Mechanical Components

The mechanical systems found in a building include plumbing, electrical, heating and elevator systems. Although less frequently encountered in buildings in residential areas, air conditioning and ventilation, and fire protection systems are also building systems. Since the functions of the mechanics in any building are unlike the functions of primary or secondary structural components and have dissimilar defects, the building systems are evaluated in terms of ten common deficiencies. The ten common defects used for evaluation are; lacking (non-existence of a building system), inadequate service, obsolete, missing parts, leaking, exposed (unprotected surfaces), poor distribution, improper location, improper connections, and deterioration.

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

## 2. Building Rating Classifications

Based on the evaluation of building components, each building was rated and classified into one of the following categories:

### Sound

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

### Deficient

Buildings which contain defects (loose or missing material or holes and cracks) over either limited or widespread areas which may or may not be correctable through the course of normal maintenance (depending on the size of the building or number of buildings in a large complex). Deficient buildings contain defects which, in the case of limited or minor defects, clearly indicate a lack of or a reduced level of maintenance. In the case of major defects, advanced defects are present over widespread areas, perhaps including mechanical systems, and would require major upgrading and significant investment to correct.

### Dilapidated

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

## Conclusion

Of the 33 buildings within the Project Area, one (1) building is in a substandard (dilapidated) condition. The factor of dilapidation of buildings is present to a limited extent in the Project Area. Figure 5, *Dilapidation*, illustrates the location of the substandard building in the Project Area.

Site improvement dilapidation is limited to the west border of the Project Area, including instances of major dilapidation. Major dilapidation of site improvements is generally located in two of the seventeen (17) blocks within the Project Area. Considerable improvement, including total reconstruction, is required in these blocks to eliminate dilapidation.

## C. OBSOLESCENCE

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

### Functional Obsolescence

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

### Economic Obsolescence

Economic obsolescence is normally a result of adverse conditions which cause some degree of market rejection and, hence, depreciation in market values.

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

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

### 1. Obsolete Building Types

Functional or economic obsolescence in buildings, which limits their long-term use or reuse, is typically difficult and expensive to correct. Deferred maintenance, deterioration and vacancies often result, which can have an adverse effect on nearby and surrounding development and detract from the physical, functional and economic vitality of the area.

Functional obsolescence of buildings is present throughout the Project Area. The Project Area contains buildings characterized by obsolescence in 13 of the 17 blocks, fourteen blocks of which contain buildings. Characteristics observed in the obsolete buildings include the following:

- Small, narrow buildings with limited floor plates;
- Single purpose buildings designed for a specific use which are not easily adaptable or suited to other uses;
- Buildings where stairs, elevators and common hall areas occupy an excessive amount of floor space;
- Buildings with inadequate column spacing or floor plans which limit space divisions;
- Buildings with inefficient or outdated mechanical systems, including the lack of central air conditioning, small elevators or the lack of freight elevators and limited lighting;
- Buildings which lack or have limited fire and life safety provisions, and which would be difficult to upgrade to code compliance;
- Lack of or inadequate loading facilities;
- Buildings with single-pane windows and limited insulation, resulting in high energy loss;
- Lack of ADA (American with Disabilities Act) access provisions at entry areas, elevators and in bathrooms.

## 2. Obsolete Platting

The Project Area was originally platted before the turn of the century, and is characterized by obsolete platting. Examples include: small, narrow lots; oddly configured parcels, streets and alleys; parcels of inadequate size or shape to allow development of buildings that meet present-day development standards and market conditions: lack of off-street parking, loading and service areas; and lack of set-back provisions to permit exterior landscaping. Some blocks may still contain their original obsolete platting. However, as a result of consolidation of parcels by one owner, some problems of obsolete platting are reduced. Nevertheless, there remains nine of the nineteen blocks impacted by obsolete platting.

## Conclusion

Thirty (30) of the 33 buildings in the Project Area (91 percent) are impacted by obsolescence which limits their functional or economic use. Six (6) of the seventeen (17) blocks (or 35 percent) are impacted by obsolete platting. Overall, obsolescence is present to a limited extent in three (3) of the seventeen (17) blocks and to a major extent in eleven (11) of the seventeen (17) blocks. Obsolescence as a factor is present to a major extent in the Project Area.

Figure 6, *Obsolescence*, illustrates the location of obsolete buildings and obsolete platting in the Project Area.

#### **D. DETERIORATION**

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

- Deterioration may be evident in basically sound buildings containing minor defects, such as lack of painting, loose or missing materials, or holes and cracks over limited areas. This deterioration can be corrected through normal maintenance.
- Deterioration which is not easily correctable and cannot be accomplished in the course of normal maintenance may also be evident in buildings. Such buildings may be classified as minor deficient or major deficient buildings, depending upon the degree or extent of defects. Minor deficient and major deficient buildings are characterized by defects in the secondary building components (e.g., doors, windows, fire escapes, gutters and downspouts, fascia materials, etc.), and defects in primary building components (e.g., foundations, exterior walls, floors, roofs, etc.), respectively.

It should be noted that all buildings and site improvements classified as dilapidated are also deteriorated.

##### **Deterioration of Alleys**

Alleys within the Project Area, specifically near the northern boundary, are badly deteriorated. Alley deterioration is characterized by broken, potholed and uneven surfaces, as well as cobblestone surfaces in disrepair, with eroding asphalt patches.

##### **Deterioration of Street Pavement, Curbs and Gutters.**

Streets and sidewalks vary in their condition throughout the Project Area. The entire Project Area is spotted by conditions of deterioration. Several streets along the northern border of the Project Area require total reconstruction. Resurfacing of several streets is required throughout the Project Area.

##### **Deterioration of Buildings**

The analysis of building deterioration is based on the survey methodology and criteria described in the preceding section on "Dilapidation." Twenty-eight (28) of the thirty-three (33) buildings in the Project Area, or 85 percent, are classified as deteriorating or deteriorated, including one (1) that is dilapidated.

### Conclusion

Deterioration as a factor is present to a major extent in the Project Area. Twenty-eight (28) buildings, or 85 percent of the buildings within the Project Area are classified as deteriorating or deteriorated. Deterioration of site improvements is found in alleys and streets, and parking lots within the Project Area. Curbs, gutters and sidewalks are similarly deteriorated. Three blocks within the Project Area have alleys characterized as deteriorated. Nearly all alleys within the surveyed area lack adequate storm sewer drainage and 31 of 32 blocks (97%) within the Project Area contain some form of deterioration. Overall, deterioration is present to a limited extent in five (5) of the seventeen (17) blocks and to a major extent in ten (10) of the seventeen (17) blocks.

Table 1, *Summary of Building Deterioration*, summarizes building deterioration within the blocks containing buildings in the Project Area. Figure 7, *Deterioration*, illustrates the location of deterioration within the Project Area.

**Table 1: Summary of Building Deterioration**

Project Area	Tax Block No.	No. Of Buildings	Building Condition		
			Sound	Deteriorated/ Deteriorating	Substandard/ Dilapidated
	339	0	0	0	0
	100	0	0	0	0
	105	2	1	1	0
	106	1	0	1	0
	107	0	0	0	0
	111	7	1	6	0
	113	1	0	2	0
	114	1	0	1	0
	115	1	0	1	0
	117	2	0	1	1
	118	2	0	2	0
	119	8	1	7	0
	120	1	1	0	0
	122	1	0	1	0
	126	1	0	1	0
	129	2	1	1	0
	130	2	0	2	0
<b>Project Area Total</b>	<b>33</b>	<b>5</b>	<b>27</b>	<b>1</b>	
<b>Percent</b>	<b>100.0</b>	<b>15.2</b>	<b>81.8</b>	<b>3.0</b>	

### E. ILLEGAL USE OF INDIVIDUAL STRUCTURES

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

#### Conclusion

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

### F. PRESENCE OF STRUCTURES BELOW MINIMUM CODE STANDARDS

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

Determination of the presence of structures below minimum code standards was based upon an exterior survey of all 33 buildings and interior surveys of 24 buildings for which TPAP and RMCA could gain sufficient access. Twenty-seven (27) of the 33 buildings surveyed were found to be below minimum code standards either on the basis of code related defects on the interior, or in combination with the exterior with regards to access into the buildings.

The following non-compliance conditions are examples of code violations found to be present within the Project Area:

- Lack of ADA (Americans with Disabilities Act) accessibility requirements, including accessibility into buildings, lobbies and elevators; undersized vestibules, elevators; elevators without floor identification for the visually impaired; and restrooms without proper access width and special hardware; alarms; signage; and etc.
- Ceilings in habitable areas lower than 8 feet, and exposed ceilings in fire-rated areas.
- Improper wiring, exposed wiring and junction boxes, extension cords, and old brittle cloth-cased wiring.
- Open stairs or enclosed stairs without proper B-label fire rated doors or lack of panic hardware and closers.
- Lack of or inoperable sprinkler or fire alarm systems.
- Unsanitary conditions, dusty conditions, and flammable storage in vacant or underutilized areas.
- Lack of exit signs and/or other life safety appurtenances.



The presence of code violations is further supported by code violation records maintained by the City. Information with respect to code compliance for the Project Area was provided to TPAP by the City of Chicago, Department of Buildings on buildings for which the City had issued violations during the period January 1, 1993 through May 1998. During this period, building code violations were listed by address and street name. Of the 33 buildings in the Project Area, 18, or 55 percent, were identified as being in violation of code standards.

### Conclusion

The factor of structures below minimum code standards is present to a major extent within the Project Area. A total of twenty-seven (27) buildings, or 82 percent of the 33 buildings in the Project Area are below minimum code standards. Overall, the presence of structures below minimum code is present to a limited extent in four (4) of the seventeen (17) blocks and to a major extent in nine (9) of the seventeen (17) blocks.

Figure 8, *Structures Below Minimum Code*, illustrates the location of buildings and site improvements which are below minimum code standards.

## G. ABANDONMENT

Abandonment as a factor applies only to conservation areas. Webster's New Collegiate Dictionary defines "abandon" as "to give up with the intent of never again claiming one's right or interest"; or "to give over or surrender completely; to desert."

### Conclusion

Based on the analysis of properties within the Project Area, abandonment as a factor is not found to be present.

## H. EXCESSIVE VACANCIES

Excessive vacancies as a factor refers to the presence of buildings or sites which are either unoccupied or not fully utilized, and which exert an adverse influence on the surrounding area because of the frequency or duration of vacancies. Excessive vacancies include properties for which there is little expectation for future occupancy or utilization.

Excessive building vacancies are found throughout the Project Area. Vacancies are especially prevalent in older, poorly maintained buildings, and buildings characterized by obsolescence. Information regarding vacancies in individual buildings was obtained from interior and exterior building surveys conducted by TPAP and RMCA.

## Conclusion

The factor of excessive vacancies is present to a major extent in the Project Area. Nineteen (19) buildings, or 58 percent of the total buildings in the Project Area contain vacancies of 20 percent or greater. In addition, there are five (5) buildings of the total 33 buildings which are totally vacant in the Project Area. Overall, excessive vacancies is present to a limited extent in seven (7) of the seventeen (17) blocks and to a major extent in five (5) of the seventeen (17) blocks.

Figure 9, *Excessive Vacancies*, illustrates the location of buildings in the Project Area which are 20 percent or more vacant.

## I. OVERCROWDING OF STRUCTURES AND COMMUNITY FACILITIES

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

## Conclusion

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

## J. LACK OF VENTILATION, LIGHT, OR SANITARY FACILITIES

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

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

## Conclusion

The factor of lack of ventilation, light, or sanitary facilities is present to a minor extent in the Project Area. A total of 5 buildings, or 15 percent of the 33 buildings in the Project Area are below ventilation, light, and/or sanitary standards. Overall, lack of ventilation, light, or sanitary facilities is

present to a limited extent in one (1) of the seventeen (17) blocks and to a major extent in two (2) of the seventeen (17) blocks.

Figure 10, *Lack of Ventilation, Light, or Sanitary Facilities*, illustrates the location of buildings in the Project Area which exhibit this factor.

#### **K. INADEQUATE UTILITIES**

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

#### **Conclusion**

No determination of existing utilities and conditions of inadequate utilities has been documented as part of the surveys and analyses undertaken within the Project Area.

#### **L. EXCESSIVE LAND COVERAGE**

Excessive land coverage refers to the over-intensive use of land by buildings or facilities than can reasonably be accommodated by the site and supporting public infrastructure. Excessive land coverage can be manifested by various physical factors including, but not limited to, improperly situated buildings, parcels of inadequate size or shape, inadequate provisions for off-street parking, loading and service areas, and inadequate ingress/egress. One or several of these factors can result in insufficient provision for light and air, increased threat of the spread of fires due to close proximity of buildings, traffic circulation conflicts along public rights-of-way, improperly parked or illegally parked vehicles, and excessive vacancies due to inadequate loading and service areas for tenants.

While existing lot sizes, lot coverages, off-street parking and loading provisions, and building setback and yard requirements may not comply with the current zoning practices of the City, the Project Area developed prior to existing zoning requirements, and are similar to other older, developed sections of the downtown area.

#### **Conclusion**

No determination of excessive land coverage has been documented as part of the survey and analyses undertaken within the Project Area. However, many of the blighting factors that often result from excessive land coverage are found to be present throughout the Project Area.

### M. DELETERIOUS LAND-USE OR LAYOUT

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

Deleterious layout includes oddly configured buildings by themselves or in relation to other buildings. Also, deleterious layout includes improper or obsolete platting of the land, inadequate street layout, and parcels of inadequate size or shape to allow development of buildings that meet present-day development standards and market conditions, including the provision of off-street parking, floor areas and internal circulation to accommodate modern office configurations, off-street loading and service areas and landscape provisions.

#### Conclusion

The factor of deleterious land use or layout is present to a minor extent in the Project Area. A total of 10 buildings, or 30 percent of the 33 buildings in the Project Area are found to be deleterious in land use. A total of seven (7) blocks, or 47 percent of the seventeen (17) full or partial blocks contained in the Project Area are impacted by deleterious layout. The factor of deleterious layout is present to a major extent in four blocks and to a minor extent in three blocks. Overall, deleterious land use or layout is present to a limited extent in eight (8) of the seventeen (17) blocks.

Figure 11, *Deleterious Land-Use or Layout*, illustrates the location of the presence of deleterious land-use and layout.

### N. DEPRECIATION OF PHYSICAL MAINTENANCE

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

The presence of this factor within the Project Area includes:

- Buildings. Of the 33 buildings in the Project Area, 18 suffer from deferred maintenance of windows, doors, store fronts, exterior walls, cornices, fire escapes, steps, loading docks, fascias or mechanical systems.
- Streets, alleys, sidewalks, curbs and gutters. Depreciation of physical maintenance of streets, alleys, sidewalks, curbs and gutters is located throughout the Project Area, with the greatest concentration in the western portion of the Project Area.
- Parking surface and site surface areas. Depreciation of physical maintenance of parking

surface and site surface areas is located throughout the Project Area, with the greatest concentrations in the western portion of the Project Area.

### **Conclusion**

The depreciation of physical maintenance of buildings and site improvements as a factor is present to a major extent in the Project Area. Eighteen (18) or 55 percent of buildings and approximately 50 percent of site improvements suffer from deferred maintenance. Overall, depreciation of physical maintenance is present to a limited extent in three (3) of the seventeen (17) blocks and to a major extent in nine (9) of the seventeen (17) blocks.

Figure 12, *Depreciation of Physical Maintenance*, illustrates the location of the presence of depreciation of physical maintenance in the Project Area.

## **O. LACK OF COMMUNITY PLANNING**

With very few exceptions, most of the blocks were platted and buildings were constructed in the Project Area prior to the existence of the City's plans which are referenced in the Redevelopment Plan, to which this Eligibility Study is attached. The Project Area was originally platted and developed on a parcel-by-parcel and building-by-building basis, with little evidence of coordination and planning among buildings and adjacent land-use activities. Lack of community planning prior to development has contributed to some of the problem conditions which characterize the overall Project Area.

The overall Project Area is characterized by blocks containing a mix of building sizes, configurations and types which were constructed during different time frames. Blocks with oddly configured structures and parcels have created under-utilized areas, oddly configured alleys and parking surfaces, inadequate loading and service areas, and inadequate placement or provisions of parking and community facilities.

### **Conclusion**

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

## IV. DETERMINATION OF PROJECT AREA ELIGIBILITY

### CONSERVATION AREA

The Project Area meets both the minimum size and building age requirements of the Act for designation as a "conservation area." The Project Area contains approximately 41.3 acres which exceeds the minimum size requirement of 1 and 1/2 acres. Additionally, 30 of the 33 buildings (or 91 percent) in the Project Area are 35 years or older, thereby exceeding the 50 percent requirement contained in the Act.

In addition to age, nine (9) of the fourteen (14) factors are present in the Project Area and six (6) of those factors are present to a major extent and are reasonably distributed throughout the Project Area. The nine (9) factors present within the Project Area are listed below, and those that are present to a major extent and reasonably distributed are indicated by an asterisk.

1. Dilapidation
2. Obsolescence \*
3. Deterioration \*
4. Structures below minimum code standards \*
5. Excessive vacancies \*
6. Lack of light, ventilation, and sanitary facilities
7. Deleterious land-use
8. Depreciation of physical maintenance \*
9. Lack of Community Planning \*

*\* Indicates that the conservation factor is present to a major extent and reasonably distributed throughout the Project Area.*

None of the blocks within the Project Area are blighted. However, they are deteriorating and declining and may become blighted. A summary of conservation factors by block is contained in Table 2, *Distribution of Conservation Factors* and in Figure 13, *Summary of Conservation Factors*.

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

**Table 2: Distribution of Conservation Factors**

<u>Conservation Factors</u>	<u>BLOCK NUMBERS</u>								
	<u>100</u>	<u>105</u>	<u>106</u>	<u>107</u>	<u>111</u>	<u>113</u>	<u>114</u>	<u>115</u>	<u>117</u>
Age		■	■		■	■	■		■
<u>Other Factors</u>									
1. Dilapidation									□
2. Obsolescence	□	■	■	■	■	■	■	■	■
3. Deterioration	□	□	■	□	■	■	■	■	■
4. Illegal use of individual structures									
5. Structures below minimum code		■	■		■	■	■	□	■
6. Abandonment									
7. Excessive vacancies		□	■		□	■	■	■	□
8. Overcrowding of structures and community facilities									
9. Lack of ventilation, light or sanitary facilities						■			
10. Inadequate utilities									
11. Excessive land coverage									
12. Deleterious land-use or layout	□		□	■	□				
13. Depreciation of physical maintenance	□		■	□	□	■	■	■	■
14. Lack of community planning	■	■	■	■	■	■	■	■	■

Not present or not examined

□ Present to a limited extent

■ Present to a major extent

11/12/98

REPORTS OF COMMITTEES

81951

<u>Conservation Factors</u>	118	119	120	122	126	<u>BLOCK NUMBERS</u>		
						129	130	339
Age		■	■			■	■	■
<u>Other Factors</u>								
1. Dilapidation								□
2. Obsolescence		■	■		□	■	□	■
3. Deterioration		■	■		■	□	□	■ □
4. Illegal use of individual structures								
5. Structures below minimum code		■	■	□		□	□	■
6. Abandonment								
7. Excessive vacancies		□	□	□			□	■
8. Overcrowding of structures and community facilities								
9. Lack of ventilation, light or sanitary facilities			□					■
10. Inadequate utilities								
11. Excessive land coverage								
12. Deleterious land-use or layout			□		□		□	
13. Depreciation of physical maintenance		■	■		■			■ □
14. Lack of community planning		■	■	■	■	■	■	■ ■

- Not present or not examined
- Present to a limited extent
- Present to a major extent

[Figure 1 referred to in this Canal/Congress Project Area Tax Increment Financing Eligibility Study constitutes Exhibit "E" to the ordinance and is printed on page \_\_\_ of this Journal.]

[Figures 2, 3a, 3b, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 referred to in this Canal/Congress Project Area Tax Increment Financing Eligibility Study printed on pages \_\_\_ through \_\_\_ of this Journal.]





*Canal/Congress  
Redevelopment Project Area:*

*Approval Of Redevelopment Plan,*

*Designation Of A  
Redevelopment Project Area*

*And*

*Adoption Of Tax Increment Allocation Financing.*

Whereas, The Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council ("City Council", referred to herein collectively with the Mayor as the "Corporate Authorities") (as codified in Section 2-124 of the City's Municipal Code) pursuant to Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (1993) (the "Act"); and

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

Whereas, Staff of the City's Department of Planning and Development has conducted or caused to be conducted certain investigations, studies and surveys of the Canal/Congress area, the street boundaries of which are described on (Sub)Exhibit A hereto (the "Area"), to determine the eligibility of the Area as a redevelopment project area as defined in the Act (a "Redevelopment Project Area") and for tax increment allocation financing pursuant to the Act ("Tax Increment Allocation Financing"), and previously has presented to the Commission for its review the following:

Canal/Congress Tax Increment Financing Redevelopment Project and Plan (the "Plan") (which has as an appendix the Canal/Congress Project Area Tax Increment Financing Eligibility Study (the "Report")); and

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

Board meeting and give notice thereof pursuant to Section 5/11-74.4-6 of the Act; and

Whereas, The Plan (with the Report attached thereto) were made available for public inspection and review beginning August 11, 1998, at a time prior to the adoption by the Commission of Resolution 98-CDC-118 on August 11, 1998, fixing the time and place for the Hearing, at City Hall, 121 North LaSalle Street, Chicago, Illinois, in the following offices: City Clerk, Room 107 and Department of Planning and Development, Room 1000; and

Whereas, Notice of the Hearing by publication was given at least twice, the first publication being on September 16, 1998, a date which is not more than thirty (30) nor less than ten (10) days prior to the Hearing, the second publication being on September 20, 1998, both in the *Chicago Sun-Times* or the *Chicago Tribune*, being newspapers of general circulation within the taxing districts having property in the Area; and

Whereas, Notice of the Hearing was given by mail to taxpayers by depositing such notice in the United States mail by certified mail addressed to the persons in whose names the general taxes for the last preceding year were paid on each lot, block, tract or parcel of land lying within the Area, on September 14, 1998, being dates not less than ten (10) days prior to the date set for the Hearing, and where taxes for the last preceding year were not paid, notice was also mailed to the persons last listed on the tax rolls as the owners of such property within the preceding three (3) years; and

Whereas, Notice of the Hearing was given by mail to the Illinois Department of Commerce and Community Affairs ("D.C.C.A.") and members of the Board (including notice of the convening of the Board), by depositing such notice in the United States mail by certified mail addressed to D.C.C.A. and all Board members, on August 14, 1998, being a date not less than forty-five (45) days prior to the date set for the Hearing; and

Whereas, Notice of the Hearing and copies of the Plan (with the Report attached thereto) were sent by mail to taxing districts having taxable property in the Area, by depositing such notice and documents in the United States mail by certified mail addressed to all taxing districts having taxable property within the Area, on August 14, 1998, being a date not less than forty-five (45) days prior to the date set for the Hearing; and

Whereas, The Hearing was held on August 28, 1998, at 10:00 A.M. at City Hall, Room 1003, 121 North LaSalle Street, Chicago, Illinois, as the official public hearing, and testimony was heard from all interested persons or representatives of any affected taxing district present at the Hearing and wishing to testify,

concerning the Commission's recommendation to City Council regarding approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

Whereas, The Board meeting was convened on August 28, 1998, at 10:00 A.M. (being a date no more than fourteen (14) days following the mailing of the notice to all taxing districts on June 12, 1998) in Room 1003A, City Hall, 121 North LaSalle Street, Chicago, Illinois, to consider its advisory recommendation regarding the approval of the Plan, designation of the Area as a Redevelopment Project Area and adoption of Tax Increment Allocation Financing within the Area; and

Whereas, The Commission has reviewed the Plan (with the Report attached thereto), considered testimony from the Hearing, if any, the recommendation of the Board, if any, and such other matters or studies as the Commission deemed necessary or appropriate in making the findings set forth herein and formulating its decision whether to recommend to City Council approval of the Plan, designation of the Area and adoption of Tax Increment Allocation Financing within the Area; now, therefore,

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

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

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

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

b. the Plan:

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

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

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

d. the Area would not reasonably be expected to be developed without the use of incremental revenues pursuant to the Act, and such incremental revenues will be exclusively utilized for the development of the Area or adjacent redevelopment project areas; and

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

f. as required pursuant to Section 5/11-74.4-3(p) of the Act:

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

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

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

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

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

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

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

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

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

Adopted: October 13, 1998.

[(Sub)Exhibit "A" referred to in this Resolution 98-CDC-136 constitutes Exhibit "D" to the ordinance and is printed on page 81974 of this Journal.]

*Exhibit "C".*  
(To Ordinance)

*Legal Description Of Project Boundary.*

Beginning at the point of intersection of the south line of Harrison Street and the west line of Clinton Street; thence north along the west line of Clinton Street to the easterly extension of the north line of the south 9.40 feet of Lot 24 in the subdivision of Block 53 in School's Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence east along said easterly extension and the north line of the south 9.40 feet of Lot 24 in the subdivision of Block 53 in School's Section Addition to Chicago to a line 113 feet east of and parallel with the east line of Clinton Street; thence north along said line 113 feet east of and parallel with the east line of Clinton Street to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the west line of Clinton Street; thence north along said west line of Clinton Street to the north line of Lot 12 in Gordon S. Hubbard's Subdivision of Blocks 45 and 52 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said north line of Lot 12 in Gordon S. Hubbard's Subdivision to the west line thereof; thence south along said west line of Lot 12 in Gordon S. Hubbard's Subdivision and the southerly extension thereof to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the east line of Jefferson Street; thence south along said east line of Jefferson Street to the easterly extension of the north line of the south 24 feet of Lot 7 in the subdivision of Block 30 in School's Section Addition to Chicago in the west half of the

northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said easterly extension of the north line of the south 24 feet of Lot 7 being also the south line of Congress Parkway; thence west along said south line of Congress Parkway to the west line of Desplaines Street; thence north along said west line of Desplaines Street to the north line of Lots 17, 18 and 19 in G. F. Blanchard's Subdivision of Block 20 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said north line of Lots 17, 18 and 19 being also the south line of Tilden Street; thence west along said south line of Tilden Street to the southerly extension of the east line of the west 1 foot of Lot 14 in said G. F. Blanchard's Subdivision of Block 20 in School Section Addition to Chicago; thence north along said southerly extension and the east line of the west 1 foot of Lot 14 in said G. F. Blanchard's Subdivision of Block 20 in School Section Addition to Chicago to the north line of said Lot 14; thence west along said north line of Lot 14 and along the south line of Lots 4 and 5 in said G. F. Blanchard's Subdivision of Block 20 in School Section Addition to Chicago to the west line of said Lot 5; thence north along the west line of said Lot 5 to the south line of Van Buren Street; thence west along said south line of Van Buren Street to the southerly extension of the east line of the west 28.75 feet of Lot 14 in the subdivision of Block 21 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension and the east line of the west 28.75 feet of Lot 14 in the subdivision of Blocks 4 and 21 in School Section Addition to Chicago and the northerly extension thereof to the north line of Gladys Avenue; thence east along said north line of Gladys Avenue to the west line of Desplaines Street; thence north along said west line of Desplaines Street to the westerly extension of the south line of the northerly 20.08 feet of Lot 5 in the subdivision of Block 28 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence east along said westerly extension and the south line of the northerly 20.08 feet of Lot 5 in the subdivision of Block 28 in School Section Addition to Chicago to the east line of said Lot 5, said east line of Lot 5 being also the west line of the alley east of Desplaines Street; thence north along said west line of the alley east of Desplaines Street to the south line of the north 7.55 feet of Lot 5 in the subdivision of Lots 8 through 16, inclusive, in the subdivision of the west half of Block 27 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said south line of the north 7.55 feet of Lot 5 in the subdivision of Lots 8 through 16, inclusive, in the subdivision of the west half of Block 27 in School Section Addition to Chicago being also the north line of the alley north of Jackson Boulevard; thence west along said north

line of the alley north of Jackson Boulevard and the westerly extension thereof to the west line of Desplaines Street; thence north along said west line of Desplaines Street to the north line of Lot 5 in Block 23 in School Section Addition to Chicago in the west half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian, said north line of Lot 5 being also the south line of Marble Place; thence west along said south line of Marble Place to the southerly extension of the east line of Lot 3 in said Block 23 in School Section Addition to Chicago; thence north along said southerly extension and the east line of Lot 3 in said Block 23 in School Section Addition to Chicago to the south line of Monroe Street; thence west along said south line of Monroe Street to the southerly extension of the west line of the east 1.43 feet of Lot 7 in Block 24 in School Section Addition to Chicago; thence north along said southerly extension and the west line of the east 1.43 feet of Lot 7 in Block 24 in School Section Addition to Chicago and the northerly extension thereof to a line 9 feet north of and parallel to the north line of said Lot 7; thence west along said line 9 feet north of and parallel to the north line of said Lot 7 to the southerly extension of the west line of the east 26.81 feet of Lot 2 in said Block 24 in School Section Addition to Chicago; thence north along said southerly extension and the west line of the east 26.81 feet of Lot 2 in said Block 24 in School Section Addition to Chicago to the south line of Madison Street; thence west along said south line of Madison Street to the southerly extension of the west line of Lot 15 in Block 70 in Canal Trustee's Subdivision of lots and blocks in the southwest quarter of Section 9, Township 39 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension and the west line of Lot 15 in Block 70 in Canal Trustee's Subdivision and the northerly extension thereof to the north line of Warren Avenue; thence east along said north line of Warren Avenue to the east line of Desplaines Street; thence south along said east line of Desplaines Street to the north line of Monroe Street; thence east along said north line of Monroe Street to the west line of Clinton Street; thence south along said west line of Clinton Street to the south line of the north 1.92 feet of Lot 4 in Charles Wesencraft's Subdivision of Lots 3, 4, 5 and 6 in Block 47 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said south line of the north 1.92 feet of Lot 4 in Charles Wesencraft's Subdivision to the west line of said Lot 4; thence south along said west line of Lot 4 in Charles Wesencraft's Subdivision and along the west line of Lots 5 and 6 in said Charles Wesencraft's Subdivision to the south line of said Lot 6; thence east along said south line of said Lot 6 in Charles Wesencraft's Subdivision to the west line of Clinton Street; thence south along said west line of Clinton Street to the north line of the south 38.9 feet of Lot 8 in said Charles Wesencraft's Subdivision; thence west along said north line of the south 38.9 feet of Lot



8 in said Charles Wesencraft's Subdivision to the west line of said Lot 8; thence south along said west line of said Lot 8 in Charles Wesencraft's Subdivision to the north line of Adams Street; thence west along said north line of Adams Street to the east line of Lot 7 in W. B. Egan's Subdivision of Lots 7 and 8 in Block 47 of School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence north along said east line of Lot 7 in W. B. Egan's Subdivision to the north line thereof; thence west along said north line of Lot 7 and along the north line of Lots 8 and 9 in said W. B. Egan's Subdivision and along the westerly extension of the north line of Lots 7, 8 and 9 in said W. B. Egan's Subdivision to the west line of Jefferson Street; thence north along said west line of Jefferson Street to the north line of Lot 5 in Block 26 in School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence west along said north line of Lot 5 in Block 26 in School Section Addition to Chicago to the west line of said Lot 5; thence south along said west line of said Lot 5 to the north line of Adams Street; thence east along said north line of Adams Street to the east line of Jefferson Street; thence south along said east line of Jefferson Street to the north line of Jackson Street; thence east along said north line of Jackson Street to the west line of Clinton Street; thence north along said west line of Clinton Street to the north line of Adams Street; thence east along said north line of Adams Street to the east line of Canal Street; thence south along said east line of Canal Street to a point 116.45 feet north of the north line of Jackson Boulevard as measured along the west line of Lot 6 in the subdivision of Block 46 of the School Section Addition to Chicago in the east half of the northwest quarter of Section 16, Township 39 North, Range 14 East of the Third Principal Meridian; thence east along a straight line to a point on the east line of said Lot 6 which is 121.21 feet northerly from the north line of Jackson Boulevard as measured along said east line of Lot 6; thence east along a straight line to a point on the east line of Lot 5 in said subdivision of Block 46 of the School Section Addition to Chicago which is 121.88 feet northerly from the north line of Jackson Boulevard as measured along said east line of Lot 5, said point on the east line of Lot 5 being also on the westerly channel line of the south branch of the Chicago River; thence southerly along said westerly channel line of the south branch of the Chicago River to the south line of Jackson Street; thence west along said south line of Jackson Street to the east line of Canal Street; thence south along said east line of Canal Street to the north line of Van Buren Street; thence east along said north line of Van Buren Street to the westerly channel line of the south branch of the Chicago River; thence southerly along said westerly channel line of the south branch of the Chicago River to the south line of Harrison Street; thence west along said south line of Harrison Street to the point of beginning. All in the City of Chicago, Cook County, Illinois.

*Exhibit "D".*  
(To Ordinance)

*Street Location Of The Project Area.*

The Area is generally bounded on the north by West Madison, West Monroe and West Adams Streets; on the south by West Congress Parkway and West Harrison Street; on the east by South Clinton and South Canal Streets and the south branch of the Chicago River; and on the west by the Kennedy Expressway and North Desplaines Street.

---

DESIGNATION OF CANAL/CONGRESS REDEVELOPMENT  
PROJECT AREA AS TAX INCREMENT  
FINANCING DISTRICT.

The Committee on Finance submitted the following report:

CHICAGO, November 12, 1998.

*To the President and Members of the City Council:*

Your Committee on Finance, having had under consideration an ordinance authorizing the designation of the Canal/Congress Tax Increment Financing Redevelopment Area as a redevelopment project area, having had the same under advisement, begs leave to report and recommend that Your Honorable Body Pass the proposed ordinance transmitted herewith.

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

Respectfully submitted,

(Signed) EDWARD M. BURKE,  
*Chairman.*

(Continued on page 81976)

STATE OF ILLINOIS, ss.  
County of Cook.

I, JAMES J. LASKI, City Clerk of the City of Chicago in the County of Cook and State of Illinois, DO HEREBY CERTIFY that the annexed and foregoing is a true and correct copy of that certain ordinance now on file in my office for the authorization for approval of Tax Increment Redevelopment Plan for Canal/Congress Redevelopment Project Area.

I DO FURTHER CERTIFY that the said ordinance was passed by the City Council of the said City of Chicago on the twelfth (12th) day of November, A. D. 1998 and deposited in my office on the twelfth (12th) day of November, A. D. 1998.

I DO FURTHER CERTIFY that the vote on the question of the passage of the said ordinance by the said City Council was taken by yeas and nays and recorded in the Journal of the Proceedings of the said City Council, and that the result of said vote so taken was as follows, to wit:  
Yeas 46, Nays None.

I DO FURTHER CERTIFY that the said ordinance was delivered to the Mayor of the said City of Chicago after the passage thereof by the said City Council, without delay, by the City Clerk of the said City of Chicago, and that the said Mayor failed to return the said ordinance to the said City Council with his written objections thereto at the next regular meeting of the said City Council occurring not less than five days after the passage of the said ordinance.

I DO FURTHER CERTIFY that the original, of which the foregoing is a true copy, is entrusted to my care for safe keeping, and that I am the lawful keeper of the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of Chicago aforesaid, at the said City, in the County and State aforesaid, this second (2nd) day of December, A. D. 1998

[L. S.]

  
JAMES J. LASKI, City Clerk.

Exhibit

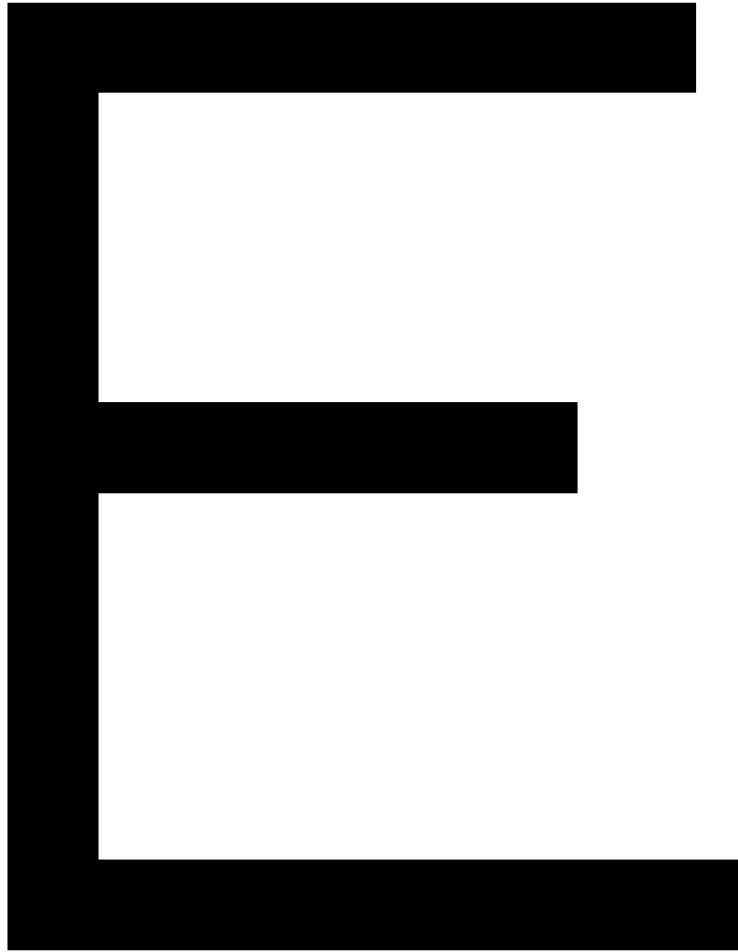


EXHIBIT E

**CONSTRUCTION AGREEMENT**

for

**UNION STATION MULTIPLEX ("Project")**

**CHICAGO, ILLINOIS**

**THIS CONSTRUCTION AGREEMENT ("AGREEMENT")**, made this 25<sup>th</sup> <sup>of</sup> April, 2000, by and between McSHANE CONSTRUCTION CORPORATION, hereinafter called "Contractor", with its principal place of business at 6400 Shafer Court, Suite 400, Rosemont, Illinois 60018 and U.S. FITNESS, LLC, a Delaware limited liability company, hereinafter called "Owner", with its principal place of business at 491 Lake Cook Road, Deerfield, IL 60015.

**WITNESSETH:**

Contractor and Owner, in consideration of the mutual covenants and agreements contained herein, hereby agree as follows:

**ARTICLE 1**

**SCOPE OF THE WORK**

Contractor shall furnish all of the material and perform all of the Work necessary for the complete construction of a project in accordance with the Outline Plans and Specifications and correspondence or documents amending the same, all attached hereto as Exhibit "A" and made a part hereof, and in accordance with all applicable laws, codes and building regulations. The parties hereby acknowledge that they have each approved said drawings and specifications by signing and/or initialing said documents and retaining a copy thereof. Owner agrees to forthwith prepare Final Plans and Specifications in accordance with Exhibit "A" and all applicable laws, codes and building regulations and submit the same for Contractor's approval. Contractor agrees that it will not withhold its approval of said Final Plans and Specifications except for just and reasonable cause and will not act in an arbitrary or capricious manner with respect to the approval of said Final Plans and Specifications. When said Final Plans and Specifications have been approved by Contractor and Owner by affixing thereon the signature or initials of an authorized officer or employee of each of said respective parties, said Final Plans and Specifications shall be attached to each party's copy of this Agreement in place of and in lieu of the aforesaid Exhibit "A". The Work shall be performed in a manner that will minimize any interference with the continuous use, occupancy and enjoyment of the Project site and the Contractor shall comply with all reasonable requests of the Owner pertaining to such matters.

## ARTICLE 2

### TIME OF COMPLETION

The Work shall be substantially completed on or about December 2, 2000. If Contractor is delayed at any time in the progress of the Work by any act or neglect of Owner, or by any employee of Owner, or by any separate contractor employed by Owner, or by changes ordered in the Work, or by labor disputes, fire, unusual delay in transportation, fuel, material, or unavoidable casualties or any causes beyond Contractor's control, then the Contract Time shall be extended by a period equal to such delay. Such delay shall hereinafter be referred to as excused delay. All claims for extension of time shall be made, in writing, to Owner no more than twenty (20) days after the occurrence of the delay; otherwise they shall be waived. In the case of a continuing cause of delay, only one (1) claim is necessary.

As used herein, "Substantial Completion" shall mean that the Work is sufficiently complete in accordance with the Contract Documents and shall be evidenced by the issuance of a Certificate of Substantial Completion from the Architect.

## ARTICLE 3

### CONTRACT SUM

As of date of this Agreement, Owner shall pay Contractor for the proper performance of this Agreement an amount (hereinafter called the "Contract Sum") equal to the sum of (i) the "Cost of the Work" (as that term is hereinafter defined), plus (ii) a charge of three percent (3%) of the Cost of the Work to cover Contractor's general office overhead and profit. The charges for general office overhead and profit shall be payable in monthly installments proportionate to and at the same time as payments on account of the Cost of the Work are made.

The term "Cost of the Work" shall mean costs necessarily incurred in the proper performance of the Work and paid by Contractor. Such costs shall be at rates not higher than the standard rate paid in Chicago, Illinois, and shall include only those items set forth as follows:

1. **Payments made by Contractor to Subcontractors in accordance with the requirements of their respective contracts with Contractor**
2. **Material and Tool Costs**
3. **Labor, Including Field Supervision, Project Management and Project Administration/Accounting Costs**
4. **Equipment Rental**
5. **Insurance and Bonding Costs**
6. **Delivery, Transportation and Maintenance Costs**
7. **Cleaning, Dumpsters and Temporary Site Facilities**

8. Site Security, Utilities and Temporary Improvements
9. Taxes, Permits and Governmental Fees
10. Testing, Surveys, Blueprints, Document Reproductions and Postage
11. Electrical, Gas, Phone, Sewer and Water Fees
12. Temporary Enclosures, Material Staging and Safety Expenses

The following items are not included in the Cost of the Work and are considered a part of Contractor's general office overhead:

1. Salaries or other compensation of Contractor's officers, executives, general managers, auditors, accountants, and other employees at Contractor's principal office not engaged in the Project, except employees of Contractor when engaged on work associated with the Project or at shops or on the road in expediting the production or transportation of materials or equipment for the Work;
2. Expenses of Contractor's principal office, other than the field office;
3. Any part of Contractor's capital expenses, including interest on Contractor's capital employed for the Work;
4. Overhead or general expenses of any kind, except as may be expressly included in the "Cost of the Work" as described above;
5. Costs due to the negligence of Contractor, any subcontractor, anyone directly or indirectly employed by any of them, or for whose acts any of them may be liable, including the correction of defective work, disposal of materials and equipment wrongly supplied, or making good any damage to property.
6. Any cost not specifically and expressly described in the second paragraph of Article 3, unless with the prior written consent of Owner.

Owner agrees to compensate Contractor on the basis of the Cost of the Work plus Contractor's charge for general office overhead and profit until May 31, 2000 or such time as a mutually-acceptable Guaranteed Maximum Price is established as set forth below.

Thirty (30) days from receipt of the City of Chicago permit comments to Contractor, the Contractor shall submit to the Owner a proposal (the "GMP Proposal") to establish a guaranteed maximum price for the Work (the "Guaranteed Maximum Price" or the "GMP"). Contractor recognizes that it is Owner's intent that such Guaranteed Maximum Price will be established at or below Owner's construction budget of \$10,105,465 that excludes design costs. Contractor agrees to put forth its best effort to assist Owner in identifying and evaluating cost saving measures necessary to achieve this budget.

*MTZ*  
*COL*

*COL MTZ*

On or before May 31, 2000 (or such later time agreed in writing by the parties), the Contractor shall meet with the Owner to review the GMP Proposal and the written statement of its basis. In the event that the Owner discovers any inconsistencies or inaccuracies in the information presented, it shall promptly notify the Contractor who shall make appropriate revisions thereto. The GMP Proposal shall not be effective without written acceptance by the Owner, Owner's lender and the Contractor. If the Contractor is unable to propose a GMP Proposal that Owner accepts, Owner may terminate this Agreement, in which case the Contractor shall immediately stop the Work on the Project and such termination shall be treated as a termination under Article ~~9(W)~~ herein.

14 JTC CCTL

Upon acceptance by the Owner of a GMP Proposal, the GMP and its basis shall be set forth in a modification to this Agreement executed by the Owner and the Contractor. The GMP shall be subject to additions and deductions by Change Order as provided in the Contract Documents.

#### **ARTICLE 4**

#### **PAYMENT OF CONTRACT SUM**

A. **Progress Payments.** Owner shall make monthly payments on account of this Agreement within ten (10) days after requisition by Contractor, and compliance by Contractor with the requirements of a standard construction escrow agreement with First American Title Insurance Company, as Escrowee, and draw package in form and substance reasonably acceptable to Landlord and subject to the insurance requirements contained in Exhibit D attached hereto and made a part hereof, as if Landlord were a lender, and receipt of a customary Architect's Certificate covering such portion of the Work, as follows:

1. Until fifty percent (50%) of the Work is completed, Owner shall make payments on account to the Contractor equal to ninety percent (90%) of the value of the Work completed, based upon the value of labor, services and materials incorporated in the Work and of materials stored at the site up to the last day of the preceding month, less the amount of previous payments made by Owner to Contractor.

2. After fifty percent (50%) of the Work is completed, Owner shall make payments on account to Contractor equal to ninety-five percent (95%) of the value of labor, services and materials incorporated in the Work and of materials stored at the site up to the last day of the preceding month, less the aggregate amount of previous payments made by Owner to Contractor.

3. Along with each Application for Payment to Owner or contemporaneous with payment, Contractor shall deliver its legally sufficient lien waiver and legally sufficient lien waivers from all major Subcontractors on the Project waiving liens for Work for which payment was requested by Contractor and paid for by Owner on the preceding Application for Payment and sworn affidavits listing the names of any persons furnishing labor or materials



pursuant to a subcontract with Contractor. Major Subcontractors shall mean those Subcontractors and material suppliers having contracts with Contractor in respect to the project contemplated hereby in excess of \$25,000.00.

B. **Final Payment.** Full payment of the Contract Sum shall be due and payable when the Project building is delivered to Owner ready for beneficial occupancy or when Owner occupies the building, whichever event first occurs, provided that the Work has been substantially completed as evidenced by an Architect's Certificate, and this Agreement fully performed. If there should remain minor items to be completed, ("Punchlist") Contractor and Owner shall list such items in the Punchlist and Contractor shall deliver, in writing, its unconditional promise to complete said Punchlist items within twenty (20) days following the date of Substantial Completion. Owner may retain a sum equal to one hundred fifty percent (150%) of the estimated cost of completing any unfinished Punchlist item, provided that said unfinished items are listed separately and the estimated cost of completing each Punchlist item is likewise listed separately. Thereafter, Owner shall pay to Contractor monthly, on the tenth day of each month, the amount retained for incomplete items as each of said items is completed.

In the event any undisputed payment by Owner to Contractor is due, and is not paid by Owner to Contractor on such due date, Owner shall pay interest on said unpaid and undisputed amount (upon receipt of invoice) from and after its due date, to and including the date of payment, at the rate of two percent (2%) per annum over the prime rate of interest charged to its largest commercial corporate borrowers by LaSalle National Bank (or similar institutions if said Bank shall cease to exist or to publish such a prime rate) from the date when the same is due hereunder until the same shall be paid, but if such rate shall exceed the highest rate allowed by law, such rate shall be reduced to the highest rate allowed by law.

Contractor's request for full payment of the Contract Sum (less sums withheld for incomplete Punchlist items) shall be accompanied by the following instruments:

1. Contractor's affidavit that all payrolls and bills for materials and equipment, and other indebtedness connected with the Work for which Owner has paid Contractor prior to the time of application have been paid or otherwise satisfied; and
2. Consent of surety, if any, to final payment.

## **ARTICLE 5**

### **BOND**

Upon Owner's written demand, Contractor shall furnish a bond covering its faithful performance of this Agreement and the payment of all obligations arising thereunder in such form as Owner may reasonably prescribe and with Safeco Insurance Companies (or such other surety as

MIL [Signature]

Owner may approve, which approval shall not be unreasonably withheld). If such bond is required, and upon receipt by Owner of such bond, Owner shall pay Contractor the premium for such bond, as an extra to the Contract Sum.

## ARTICLE 6

### CHANGES IN THE WORK

Owner, without invalidating this Agreement, may order changes in the Work within the general scope of this Agreement, consisting of additions, deletions or other revisions, with the Contract Sum and Contract Time being adjusted accordingly, if required. All such changes in the Work shall be authorized by a Change Order and shall be executed under the applicable conditions of the Contract Documents.

A Change Order is a written order to Contractor signed by Owner issued after the execution of the Agreement authorizing a change in the Work or an adjustment in the Contract Sum or Contract Time. A Change Order shall be signed by Contractor and Owner if there is an adjustment in the Contract Sum or Contract Time. The Contract Sum and Contract Time may be changed only by a Change Order.

The cost or credit to Owner resulting from a change in the Work shall be determined in one or more of the following ways:

- A. By mutual acceptance of a lump sum properly itemized;
- B. By unit prices stated in the Contract Documents or subsequently agreed upon; or
- C. By cost and a mutually acceptable fixed or percentage fee.

If none of the methods set forth above is agreed upon, Contractor provided it and received a Change Order, shall promptly proceed with the Work involved. Contractor shall maintain separately accurate and detailed records of all costs and time to perform the Work required by such change in the Work and Contractor and Owner shall strive to reach an equitable adjustment by mutual agreement. The cost of such Work shall then be determined on the basis of Contractor's reasonable expenditures and savings, including, in the case of an increase in the Contract Sum, a reasonable allowance for overhead and profit, based upon the scope of such Change Order but not to exceed ten percent (10%). In such case, Contractor shall keep and present an itemized accounting, together with appropriate supporting data. The amount of credit to be allowed by Contractor to Owner for any deletion or change which results in a net decrease in cost will be the amount of the actual net decrease in the Cost of the Work. When both additions and credits are involved in any one change, the allowance for overhead and profit shall be figured on the basis of net increase, if any.

If unit prices are stated in the Contract Documents or subsequently agreed upon in writing, and if the quantities originally contemplated are so changed in a proposed Change Order that application of the agreed unit prices to the quantities of Work proposed will create a hardship on Contractor or Owner, the applicable unit prices shall be equitably adjusted to prevent such hardship.

## ARTICLE 7

### CORRECTION OF WORK

If during the period of construction the Work is found to be defective or not in accordance with the Contract Documents, Contractor shall correct it promptly after receipt of written notice from Owner to do so unless Owner has previously given Contractor written acceptance of such condition. Owner shall give such notice promptly after discovery of the condition.

All such defective or nonconforming Work shall be corrected or removed from the site, if necessary, and the Work shall be corrected to comply with the Contract Documents without cost to Owner.

Contractor shall bear the cost of making good all Work of separate contractors destroyed or damaged by such removal or correction.

If Contractor does not commence within five (5) calendar days, to remove such defective or nonconforming Work, Owner may remove it and store the materials or equipment at the expense of Contractor. If Contractor does not reimburse Owner for the cost of such removal and storage withheld from Contractor's payments, within ten (10) days thereafter, Owner may, upon ten (10) additional days written notice, sell such Work at auction or at private sale and shall account for the net proceeds thereof, after deducting all costs that should have been borne by Contractor. If such proceeds of sale do not cover all costs which Contractor should have borne, the difference shall be charged to Contractor and an appropriate Change Order shall be issued. If payments then or thereafter due Contractor are not sufficient to cover such amount, Contractor shall promptly pay the difference to Owner.

If Contractor fails to correct such defective or nonconforming Work in accordance with the above provisions, Owner may correct it, and the cost thereof credited against the Contract Sum or Owner shall be reimbursed by Contractor for such cost.

If Owner prefers to accept defective or nonconforming Work, it may do so instead of requiring its removal and/or correction, in which case a Change Order will be issued to reflect an equitable reduction in the Contract Sum; or, if the amount is determined after final payment, it shall be paid by Contractor.



Contractor guarantees the Work for a period of one (1) year only after the date of Substantial Completion or for such longer period of time as may be prescribed by the terms of any applicable special guarantee required by the Contract Documents. Any guarantee Work shall be done in accordance with the requirements above as to correction, repair or replacement of Work during the construction period.

Owner shall be required to perform routine and appropriate regular maintenance during the warranty period.

## **ARTICLE 8**

### **INSURANCE - CONSTRUCTION CONTRACTOR**

**Contractor's Liability Insurance.** Contractor shall purchase and maintain such insurance as set forth on the attached Exhibit D and made a part hereof.

## **ARTICLE 9**

### **MISCELLANEOUS PROVISIONS**

A. **Supervision and Construction Procedure.** Contractor shall supervise and direct the Work and shall be solely responsible for all construction means, methods, techniques, sequences and procedures, and for coordinating all portions of the Work under this Agreement.

B. **Labor and Materials.** Unless otherwise specifically noted in writing, Contractor shall provide and pay for all labor, materials, equipment, tools, construction equipment and machinery, water, heat, utilities, transportation, and other facilities and services necessary for the proper execution and completion of the Work. All materials shall be new unless otherwise specified.

C. **Discipline of Employees.** Contractor shall, at all times, enforce strict discipline and good order among its employees, and shall not employ on the Work any unfit person or anyone not skilled in the task assigned to him.

D. **Surveys and Easements.** Owner shall furnish boundary and topographical surveys in its files, if any, unless otherwise specified, and shall furnish easements necessary for access to the site, including easements for installation and maintenance of utilities.

E. **Taxes.** Contractor shall pay all sales, consumer, use and other similar taxes required by law.



F. **Permits.** Unless otherwise provided in the Contract Documents, Contractor shall secure and pay for all building permits, (except environmental permits) and all governmental building fees and licenses necessary for the proper execution and completion of the Work which are applicable at the date of this Agreement.

Contractor warrants and represents that it has no knowledge whether the site of the Work is located in an area that has been or may be designated as a flood plain, flood way and/or wetlands. Owner acknowledges and agrees that in the event that the Work is delayed, disrupted or suspended as a result of an action of any public authority because the site of the Work is found to be in or on a flood plain, flood way or wetlands, then the time for performance of the Agreement shall be extended for the period of such disruption, delay or suspension. Contractor shall be reimbursed by Owner for demonstrable and actual costs, damages or losses, including loss of anticipated profit which arise as a result of delay, disruption or suspension as mentioned above.

G. **Notices.** Contractor shall give all notices and comply with all building laws and regulations. If Contractor observes that any of the Contract Documents are at variance therewith in any respect, it shall promptly notify Owner, in writing, and any necessary changes shall be adjusted by appropriate modification. If Contractor performs any Work knowing it to be contrary to such laws, ordinances, rules, codes, and regulations, and without such notice to Owner, Contractor shall assume full responsibility therefore and shall bear all costs attributable thereto.

H. **Cash Allowance.** Contractor shall include in the Contract Sum all allowances stated in Exhibit B. These allowances, unless otherwise stated, shall cover the cost of the materials and equipment delivered and unloaded at the site and all applicable taxes, Contractor's handling costs on the site, labor and installation costs. Overhead, profit and other expenses contemplated for the original allowance shall be included in the Contract Sum and not in the allowance. If the cost, when determined, is more than or less than the allowance, the Contract Sum shall be adjusted accordingly by Change Order which will include additional handling costs on the site, labor, installation costs, overhead, profit and other expenses.

I. **Superintendent.** Contractor shall employ a competent superintendent who shall be in attendance at the project site at all reasonable times during the progress of the Work.

J. **Responsibility of Contractor.** Contractor shall be responsible to Owner for the acts and omissions of all of its employees and all Subcontractors, their agents and employees, and all other persons performing any of the Work under a contract with Contractor.

K. **Progress Schedule.** Contractor, after being awarded the Agreement, shall prepare and submit to Owner an estimated progress schedule for the Work. The progress schedule shall be related to the entire project to the extent required by the Contract Documents. This schedule shall indicate the dates for starting and completion of various stages of construction and shall be revised as required by the conditions of the Work.



L. **Drawings and Specifications at Site.** Contractor shall maintain at the site for Owner one (1) copy of all drawings, specifications, addenda, approved shop drawings, change orders and other modifications in good order and marked to record all changes made during construction. These shall be available to Owner. The drawings marked to record all changes made during construction shall be delivered to Owner upon completion of the Work.

M. **Use of Site.** Contractor shall confine operations at the site to areas permitted by law, ordinances, permits and the Contract Documents and shall not unreasonably encumber the site with any materials or equipment.

N. **Cutting and Patching.** Contractor shall do all cutting, fitting or patching of its Work that may be required to make the several parts of the Work fit together properly and shall not endanger any Work by cutting, excavating or otherwise altering the Work or any part of it.

O. **Cleaning Up.** Contractor, at all times, shall keep the premises free from accumulation of waste materials or rubbish caused by its operations. At the completion of the Work, Contractor shall remove all its waste materials and rubbish from and about the project as well as all of its tools, construction equipment, machinery and surplus materials, and shall clean all glass surfaces and leave the Work "broom clean", or its equivalent, except as otherwise specified. If Contractor fails to clean up, Owner may do so and the cost thereof shall be charged to Contractor.

P. **Indemnification.** Contractor shall indemnify and hold harmless Owner, its agents and employees, from and against all claims, losses and expenses, including attorneys' fees (unless caused in whole or in part by a party indemnified hereunder), arising out of or resulting from the performance of the Work, provided that any such claim, damage, loss or expense is (i) attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the Work itself), including the loss of use resulting therefrom; and (ii) caused in whole or in part by any negligent act or omission of Contractor, any Subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable. The indemnification obligations under this Subparagraph (P) shall not be limited in any way by a limitation on the amount or type of damages, compensation or benefits payable by or for Contractor or any Subcontractor under workmen's compensation Acts, disability benefit acts or other employee benefit acts. Owner shall notify Contractor of any claim under this indemnity in such time as to avoid prejudice to Contractor and Contractor shall have the right to defend with counsel reasonably acceptable to Owner. No Indemnitee hereunder shall be responsible for or have the negligent or wilful act of any other Indemnitee hereunder attributed to it thereby diminishing its right to be indemnified hereunder.

Q. **Kotecki Waiver.** Contractor (and any Subcontractor into whose Subcontract this clause is incorporated) agrees to assume entire liability for all personal injury claims suffered by its own employees, asserted by persons allegedly injured at Owner's premises; waives any limitation of liability defense based upon the Worker's Compensation Act, court interpretation of said Act or otherwise; and agrees to indemnify and defend Owner from and against all such loss, expense, damage or injury, including reasonable attorneys' fees, that the Owner may sustain as a result of such

A handwritten signature in black ink, appearing to be 'C. Kotecki', is located in the bottom right corner of the page.

claims, except that Illinois law prohibits indemnity for the Owner's own negligence. Contractor agrees to incorporate this clause into all of its subcontracts and purchase orders for work on this Project.

R. **Owner's Right to Stop Work.** If Contractor fails to correct defective Work or persistently fails to supply materials or equipment in accordance with the Contract Documents, Owner may order Contractor to stop the Work, or any portion thereof, until the cause for such order has been eliminated. If Contractor defaults or neglects to carry out the Work in accordance with the Agreement, Owner may, after seven (7) days written notice to Contractor and without prejudice to any other remedy it may have, make good such deficiencies. In such case, an appropriate Change Order shall be issued deducting from the payments then or thereafter due Contractor the cost of correcting such deficiencies. If the payments then or thereafter due Contractor are not sufficient to cover such amount, Contractor shall pay the difference to Owner.

S. **Written Notice.** Written notice shall be deemed to have been duly served if delivered in person to the individual or member of the firm or to an officer of the corporation for whom it was intended, or, if delivered at or sent by registered or certified mail, to the last business address known to the party who gives the notice,

If to Owner:

Mr. Gale T. Landers  
U.S. Fitness, LLC  
c/o The Fitness Formula, Ltd.  
1030 North Clark  
Chicago, Illinois 60610

With a Copy to:

Piper Marbury Rudnick & Wolfe  
203 North LaSalle  
Suite 1800  
Chicago, Illinois 60601  
Attention: John Heuberger, Esq.  
Mona Dajani, Esq.

If to Contractor:

Jeffrey A. Raday  
President  
McShane Construction Corporation  
6400 Shafer Court  
Suite 400  
Rosemont, IL 60018

or at such other address as the parties may hereafter designate by written notice to the other.

T. **Claims for Damages.** Should either party to this Agreement suffer injury or damage to persons or property because of any act or omission of the other party or of any of its employees,



agents or others for whose acts it is legally liable, claim shall be made, in writing, to such other party within a reasonable time after the first observance of such injury or damage.

U. **Royalties and Patents.** Contractor shall pay all royalties and license fees. It shall defend all suits or claims for infringement of any patent rights relating to equipment or materials incorporated in the Work and shall save Owner and Landlord and their respective partners, shareholders, directors or officers, agents and employees harmless from loss or costs on accounts thereof including reasonable attorney fees, on account thereof, except that Owner shall be responsible for all such loss when a particular design process or the product of a particular manufacturer or manufacturers is specified, but if Contractor has reason to believe that the design, process or product specified is an infringement of a patent, it shall be responsible for such loss and costs unless it promptly gives such information to Owner.

V. **Termination of Contract by Contractor.** In the event the Work is stopped by any public authority without the fault of Contractor for a period of thirty (30) days, or through act, omission, or inaction of Owner for a period of ten (10) days, or in the event Owner fails to pay Contractor any undisputed payment within ten (10) days after it is due, or in the event Owner substantially breaches its other obligations under this Agreement, or in the event a voluntary or involuntary petition shall be filed by Owner under any law having for its purpose the adjudication of Owner as bankrupt, or a receiver is appointed for the property of Owner by reason of the insolvency of Owner, or in the event any department of the State or Federal government, or any officer thereof, duly authorized, shall take possession of the business or property of Owner by reason of the insolvency of Owner, or in the event Owner makes an assignment for the benefit of its creditors, then Contractor (after written notice thereof) may cease all or any portion of the Work and Owner shall be responsible for all reasonable increased costs arising out of such delay, which delay shall be an "excused delay". Further, in any such event and irrespective of whether or not Contractor ceases all or any portion of the Work, after ten (10) days written notice to Owner and failure of Owner to remove the default or cure such breach within such ten (10) day period, may terminate this Agreement, remove any materials, equipment, and tools from the site, and Contractor will be reimbursed for unpaid and undisputed authorized Work plus actual, demonstrable termination and close-out costs. In the event that any default by Owner (other than relating to the payment of money) is not susceptible of being cured within said ten (10) day period, the time within which Owner may cure the same shall be extended for -such time as may be reasonably necessary to complete the same with all due diligence, but only if Owner provided Contractor evidence satisfactory to Contractor that the default can be cured within such extended time and in such manner so as to not cause prejudice to Contractor.

W. **Termination of Contract by Owner.** If Contractor is adjudged a bankrupt, or if it makes a general assignment for the benefit of its creditors, or if a receiver is appointed on account of its insolvency, or if it refuses or fails, except in cases for which extension of time is provided, to supply enough properly skilled workmen or proper materials, or if it fails to make payment to Subcontractors or material suppliers or employees for materials or labor, or disregards laws, ordinances, rules, codes, regulations or orders of any public authority having jurisdiction over the



Project, or otherwise is guilty of a substantial violation of a provision of the Contract Documents, then Owner may, without prejudice to any right or remedy and after giving Contractor and its surety, if any, seven (7) days written notice (and failure of Contractor to cure or commence to cure with all due diligence such matter within such seven (7) day period), terminate the employment of Contractor and take possession of the site and of all materials, equipment, tools, construction equipment and machinery thereon owned by Contractor and may finish the Work by whatever method it may deem expedient. In such case, Contractor shall not be entitled to receive any further payment until the Work is finished. If the unpaid balance of the Contract Sum exceeds the cost of finishing the Work, such excess shall be paid to Contractor. If such cost exceeds such unpaid balance, Contractor shall pay the difference to Owner.

X. **Inspection.** Owner and its representative shall at all times have access to the Work whenever it is in preparation or progress, and Contractor shall permit and facilitate inspection of the Work by Owner, its agents, and public authorities concerned with such Work.

Y. **Financing.** Contractor understands that Owner is negotiating with a lender for financing for the Project. Contractor shall comply with all reasonable compliance requests from Owner's lender, however, consent or approval must not require Contractor to subordinate its lien rights; must not increase the scope of Contractor's obligations under this Agreement; must not decrease the scope of Contractor's rights under this Agreement and must be consistent with lending practices typical of institutional lenders for commercial real estate development in the metropolitan Chicago area.

Z. **Subcontract.** Contractor shall promptly deliver to Owner a copy of all executed subcontracts and purchase orders entered into in connection with the Project no less than five (5) days after execution. Each subcontract agreement shall specifically provide that the Owner is an intended third party beneficiary of such subcontract agreement and is entitled to the benefit of the performance of the Subcontractor. If Contractor defaults as described in Article 9 or is terminated as described in Article 9 herein, Owner may enforce the obligations and responsibilities of the Subcontractor directly against the Subcontractor.

## **ARTICLE 10**

### **TITLES**

**Titles of articles are used in this Agreement solely for the convenience of those examining it and are not to be resorted to as aids in its construction or interpretation.**

A handwritten signature in black ink, appearing to be 'CAL' followed by a stylized name, located in the bottom right corner of the page.

**ARTICLE 11**

**SUCCESSORS**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**ARTICLE 12**

**LAW GOVERNING**

This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois.

**ARTICLE 13**

**FINANCING CONTINGENCY**

Prior to commencement of the Work by Contractor under this Agreement, Owner shall provide to Contractor reasonably satisfactory evidence indicating that firm financing is available to pay for all costs of the project of which the improvements contemplated hereunder are a part (with all preconstruction and pre-disbursement contingencies satisfied), said financing to provide payment to Contractor under and according to the terms of this Agreement. Further, Owner agrees to refrain from taking any action which might directly or indirectly void or constitute a default under any loan agreements in connection with the project and agrees that all agreements made in connection with such financing are deemed made for the benefit of Contractor. Owner shall be responsible for all costs arising out of delays in securing financing.

**ARTICLE 14**

**COST REIMBURSEMENT**

Owner hereby agrees that if this Agreement is terminated for reasons contained in Article 13 or for other reasons beyond the control of the Contractor, Owner shall pay to Contractor an amount equal to the cost, including profit and overhead of all services rendered prior to the date on which this Agreement is terminated.



**ARTICLE 15**

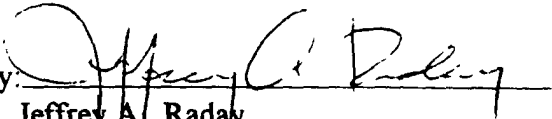
**RELATIONSHIP OF THE PARTIES**

The Contractor and Owner accept the relationship of trust and confidence established by this Agreement and covenant with each other to cooperate with the Architect, and Contractor shall utilize its best skill, efforts and judgment in furthering the Work. The Owner agrees to exercise its best efforts to furnish and approve in a timely way information required by the Contractor and making payments to the Contractor in accordance with requirements of the Contract Documents.

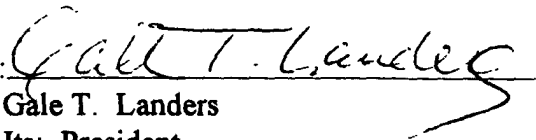
A handwritten signature in black ink, appearing to be a stylized name, located in the bottom right corner of the page.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement the day and year first above written.

**MCSHANE CONSTRUCTION  
CORPORATION (Contractor)**

By:   
Jeffrey A. Raday  
Its: President

**U.S. FITNESS LLC, a Delaware limited  
liability company (Owner)**

By:   
Gale T. Landers  
Its: President

18 16 JAR  
GTL

THE JAR

**EXHIBIT "A"**

The contract documents shall consist of the following:

<b>Drawing</b>	<b>Revision</b>	<b>Description</b>	<b>Date</b>	<b>Designer</b>
D1.1	1	First Level Demolition Plan	9/27/99	Prisco Serena Sturm
D1.2	1	Soffit Level Demolition Plan	9/27/99	Prisco Serena Sturm
D1.3	1	Second Level Demolition Plan	9/27/99	Prisco Serena Sturm
D1.5	1	Roof Demolition Plan	9/27/99	Prisco Serena Sturm
D2.1	1	First Level Reflected Ceiling Demolition	9/27/99	Prisco Serena Sturm
D2.2	1	Second Level Reflected Ceiling Demolition	9/27/99	Prisco Serena Sturm
D2.3	1	Third Level Reflected Ceiling Demolition	9/27/99	Prisco Serena Sturm
D3.1	1	Exterior Elevations Demolition	9/27/99	Prisco Serena Sturm
D3.2	1	Exterior Elevations Demolition	9/27/99	Prisco Serena Sturm
D4.1	1	Building Sections Demolition	9/27/99	Prisco Serena Sturm
D4.2	1	Building Sections Demolition	9/27/99	Prisco Serena Sturm
MD1.1	1	Mechanical and Electrical First Level Demolition Plan	9/14/99	IBC Engineering Services
MD1.2	1	Mechanical and Electrical Soffit Level Demolition Plan	9/14/99	IBC Engineering Services
MD1.3	1	Mechanical and Electrical Second Level Demolition Plan	9/14/99	IBC Engineering Services
MD1.4	1	Mechanical and Electrical Third Level Demolition Plan	9/14/99	IBC Engineering Services



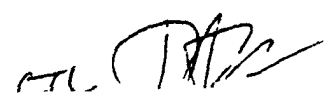
Union Station Multiplex  
444 W. Jackson

McShane Construction Corporation  
February 1, 2000

---

<b>Drawing</b>	<b>Revision</b>	<b>Description</b>	<b>Date</b>	<b>Designer</b>
MD1.5	1	Mechanical and Electrical Third Level Demolition Plan	9/14/99	IBC Engineering Services

---



# Current Drawing List

Summary Log, Grouped by Type and Discipline

**Union Station Multiplex**  
 444 West Jackson Blvd.  
 Chicago, IL 60610

**Project # 00002**  
 Tel: Fax:

Number	Rev	Title	Rev Date	Bulletin	% Complete	Status	Category	General Notes	Ref RFIs
<b>Architectural</b>									
T1.1	0	FIRST LEVEL PLAN	1/28/00		0				
T1.10	0	ENLARGED FLOOR PLANS	1/28/00		0				
T1.11	0	ENLARGED FLOOR PLANS	1/28/00		0				
T1.12	0	ENLARGED FLOOR PLANS	1/28/00		0				
T1.13	0	FIRST LEVEL FURNITURE AND EQUIPMENT PLAN	1/28/00		0				
T1.14	0	SECOND FLOOR FURNITURE AND EQUIPMENT PLAN	1/28/00		0				
T1.15	0	THIRD FLOOR FURNITURE AND EQUIPMENT PLAN	1/28/00		0				
T1.2	0	SOFFIT LEVEL PLAN	1/28/00		0				
T1.3	0	SECOND LEVEL PLAN	1/28/00		0				
T1.4	0	THIRD LEVEL PLAN	1/28/00		0				
T1.5	0	STAIRS ENLARGED FLOOR PLANS	1/28/00		0				
T1.6	0	FIRST LEVEL FLOOR FINISH PLAN	1/28/00		0				
T1.7	0	SECOND LEVEL FLOOR FINISH PLAN	1/28/00		0				
T1.8	0	THIRD FLOOR FINISH PLAN	1/28/00		0				
T1.9	0	ENLARGED FLOOR PLANS	1/28/00		0				
T2.1	0	FIRST LEVEL REFLECTED CEILING PLAN	1/28/00		0				
T2.2	0	SECOND LEVEL REFLECTED CEILING PLAN	1/28/00		0				
T2.3	0	THIRD LEVEL REFLECTED CEILING PLAN	1/28/00		0				

18 of 21

18 of 21

**Current Drawing List**  
**Summary Log, Grouped by Type and Discipline**

Number	Rev	Title	Rev Date	Bulletin	% Complete	Status	Category	General Notes	Ref RFIs
T4.1	0	BUILDING SECTION/ELEVATIONS	1/28/00		0				
T4.2	0	BUILDING SECTIONS	1/28/00		0				
T5.1	0	WALL SECTIONS	1/28/00		0				
T5.2	0	WALL SECTIONS	1/28/00		0				
T5.3	0	WALL SECTIONS	1/28/00		0				
T5.4	0	STAIR 5 DETAILS	1/28/00		0				
T6.1	0	DETAILS	1/28/00		0				
T7.1	0	INTERIOR ELEVATIONS	1/28/00		0				
T7.2	0	INTERIOR ELEVATIONS	1/28/00		0				
T7.3	0	INTERIOR ELEVATIONS	1/28/00		0				
T7.4	0	INTERIOR ELEVATIONS	1/28/00		0				
T7.5	0	INTERIOR ELEVATIONS	1/28/00		0				
T7.6	0	INTERIOR ELEVATIONS	1/28/00		0				
T7.7	0	INTERIOR ELEVATIONS	1/28/00		0				
T8.1	0	DOOR SCHEDULES	1/28/00		0				
TG.1	0	TITLE SHEET	1/28/00		0				
TG2.0	0	DRAWING INDEX, GENERAL NOTES, & SYMBOLS	1/28/00		0				
TG3	0	ROOM FINISH SCHEDULE	1/28/00		0				

18 4/1/00

**Electrical**

**Electrical**

E.1.1	0	POWER RISER DIAGRAM	1/28/00		0				
E1.1	0	POWER RISER DIAGRAM	1/28/00		0				
E2.1	0	FIRST LEVEL LIGHTING PLAN	1/28/00		0				
E2.2	0	SECOND LEVEL LIGHTING PLAN	1/28/00		0				
E2.3	0	THIRD LEVEL LIGHTING PLAN	1/28/00		0				
E3.1	0	POWER FIRST LEVEL PLAN	1/28/00		0				
E3.2	0	POWER SECOND LEVEL PLAN	1/28/00		0				
E3.3	0	POWER THIRD LEVEL PLAN	1/28/00		0				

1/28/00



Current Drawing List  
Summary Log, Grouped by Type and Discipline

Number	Rev	Title	Rev Date	Bulletin	% Complete	Status	Category	General Notes	Ref RFIs
E3.4	0	POWER ROOF PLAN	1/28/00		0				

**HVAC Drawings**

**HVAC**

H1.1	0	HVAC FIRST LEVEL PLAN	1/28/00		100				
H1.2	0	HVAC SOFFIT LEVEL PLAN	1/28/00		0				
H1.3	0	HVAC SECOND LEVEL PLAN	1/28/00		0				
H1.4	0	HVAC THIRD LEVEL PLAN	1/28/00		0				
H1.5	0	HVAC ROOF PLAN	1/28/00		0				
H2.1	0	HVAC SCHEDULES	1/28/00		0				

**Structural**

**Structural**

B1.1	0	FIRST LEVEL PLAN	1/28/00		0				
B1.2	0	SOFFIT LEVEL PLAN	1/28/00		0				
B1.3	0	SECOND LEVEL PLAN	1/28/00		0				
B1.4	0	THIRD LEVEL PLAN	1/28/00		0				
B1.5	0	ROOF LEVEL PLAN	1/28/00		0				
B1.6	0	STAIRS ENLARGED FLOOR PLANS	1/28/00		0				
B1.7	0	ENLARGED FLOOR PLANS	1/28/00		0				
B3.1	0	EXTERIOR ELEVATIONS	1/28/00		0				
B3.2	0	EXTERIOR ELEVATIONS	1/28/00		0				
B4.1	0	BUILDING SECTIONS	1/28/00		0				
B5.1	0	WALL SECTIONS	1/28/00		0				
B5.2	0	STAIR SECTIONS	1/28/00		0				
B5.3	0	STAIR SECTIONS	1/28/00		0				
B5.4	0	WALL SECTIONS	1/28/00		0				
B5.5	0	WALL SECTIONS	1/28/00		0				
B6.1	0	DETAILS	1/28/00		0				
B6.2	0	STAIR DETAILS	1/28/00		0				

184/17/22/21  
TH

**Current Drawing List**  
Summary Log, Grouped by Type and Discipline

Number	Rev	Title	Rev Date	Bulletin	% Complete	Status	Category	General Notes	Ref RFIs
BG1.0	0	Title Sheet	1/28/00		0				
BG2.0	0	Drawing Index, General Notes, & Symbols	1/28/00		100				
BS-2.1	0	PLAZA LEVEL FRAMING PLAN	1/28/00		0				
BS-2.2	0	FIRST LEVEL INTERSTITIAL FRAMING PLAN	1/28/00		0				
BS-2.3	1	SECOND LEVEL FRAMING PLAN	1/28/00		0				
BS-2.4	0	THIRD LEVEL FRAMING PLAN	1/28/00		0				
BS-2.5	0	ROOF LEVEL FRAMING PLAN	1/28/00		0				
BS-3.1	0	FRAMING DETAILS	1/28/00		0				
BS-4.0	0		1/28/00		0				
BSD-1.2	0	SECOND LEVEL DEMOLITION PLAN	1/28/00		0				
BSD-1.3	0	THIRD LEVEL DEMOLITION PLAN	1/28/00		0				
BSD-1.4	0	ROOF LEVEL DEMOLITION PLAN	1/28/00		0				

18 P. 1/28/00

Handwritten signature

Union Station Multiplex  
444 W. Jackson

McShane Construction Corporation  
February 1, 2000

**EXHIBIT "B"**

COST ALLOCATIONS

- NOT USED -

A handwritten signature in black ink, appearing to be "F. L. O. M.", located in the bottom right corner of the page.

**EXHIBIT "C"**

**CLARIFICATIONS**

**PHASE I DEMOLITION**

The Phase I demolition work consists of demolition and removal of architecture components of the building. This scope of work generally follows the Contract Documents in Exhibit A, except as specifically noted below.

1. The removal of the existing soffit level catwalk is limited to approximately 64 lf between column lines 4 and 5 are designated by the dashed lines on P1.2. All other soffit catwalk will remain including the catwalk under the pool, unless removal is required for construction access. See demolition alternate #1 if complete removal of the truck dock soffit catwalk is desired.
2. The salvage of the glazing systems is limited to the removal of the 1<sup>st</sup> floor storefront caps and 1<sup>st</sup> floor glass doors. Salvaged materials will be stored on site.
3. The existing trading board catwalk at approximate elevation 25'0" is to remain from column line 2 to 5. See demolition alternate #2 if complete removal is desired. All other catwalks and catwalk stair above the existing trading floor will be removed. All stairs and access to remaining catwalk will be removed.
4. Floor openings requiring new structural members or modification of existing structural members will not be cut until the new structural work is in place. The new structural steel work is not included in this limited Phase I scope of work.
5. The rolling shutters on the West Side of the loading dock will remain, abandoned in the down position.
6. The existing aluminum interior column covers on the north side of the existing trading floor will remain.
7. The existing raised floor and the northeast corner of the 1<sup>st</sup> level at elevation 32'10" (approximately 1,300 sf) will be removed to an existing slab elevation of 30' 3". Any under slab obstructions are not included.
8. Debris from the existing soffit, 2<sup>nd</sup> and 3<sup>rd</sup> levels will be removed from the building in an opening (up to 12' x 12') located above the landing dock.

9. Demolition operations will be performed within the daytime hours from 4:00 am to 6:00 p m.
11. The loading dock will be available to McShane from 6:00 pm to 4:00 am for the access and the removal of debris (as agreed with building owner).
12. Bobcat loader will be used for demolition and loading on the 1<sup>st</sup> and 2<sup>nd</sup> levels (as approved by the structural engineer).
13. Enclosures for floor openings above the loading dock will be limited to one (1) hour fire rated construction.
14. The demolition for the open stairs shall consist of the concrete slab only. All existing structural members will remain.
15. Since the building scope of work no longer includes a recessed pool, the structural demolition and slab opening for the pool are not included.
16. Since the building scope of work no longer includes a recessed pool, the removal of existing 3-hour partitions below pool area is not included. The demolition work will be coordinated with the requirements for the new soffit level slab above the truck dock.
17. McShane will be provided with one (1) dedicated dock position during daytime operations (as agreed with the building owner).
18. The structural demolition of the existing east third floor mezzanine is not included.
19. The removal of the existing roof, temporary roof structures, and temporary roof membranes referred to by Demolition Note #60 are not included in this limited Phase I scope of work.
20. No demolition or rework of the elevators is included in this limited Phase I scope of work.
21. The removal, rework and replacement of existing exterior curtain wall and storefront are not included in this limited Phase I scope of work.
22. No demolition related to the exterior sidewalk, expansion joint, ramps, plaza and exterior planters are included in this scope of work.



23. General Note #1 "Provide all necessary demolition work as required for new construction whether shown on demolition plans or not" not included.
24. Salvage of the existing travertine floor is not included. Existing owner stockpiles would be utilized for any travertine repair.
25. Demolition Note #47 "Remove and discard existing membraned roof deck area this area" is not included in this limited Phase I scope of work.
26. Any work beyond the limits of the 444-tenant lease space is not included in this limited Phase I scope of work
27. The roof openings for mechanical equipment and skylights are not included in this limited Phase I scope of work.
28. No temporary support or shoring for remaining structures is included in the scope of work.
29. No removal of concrete topping for the wet areas or pool is included this limited Phase I scope of work.

A handwritten signature in black ink, appearing to be 'CAL O'D...', is located in the bottom right corner of the page.

**EXHIBIT D**

**SCHEDULE OF INSURANCE**

1. The Contractor shall procure and maintain in effect until final Completion of the Work, or such longer periods as may be required, the insurance coverages described below.

1.1 **Worker's Compensation and Employers' Liability Insurance.**

(a) Worker's Compensation Insurance with statutory benefits and limits which shall fully comply with all State and Federal requirements applying to this insurance; which shall include Broad Form all states and voluntary compensation endorsements.

(b) Employer's Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per accident, One Million Dollars (\$1,000,000) per disease and One Million Dollars (\$1,000,000) policy limit on disease.

1.2 **Business Automobile Liability Insurance.** Automobile Liability Insurance in the Contractor's name including owned, non-owned, leased and hired motor vehicle coverage. Limits of Liability shall not be less than One Million Dollars (\$1,000,000) with combined single limit per occurrence for bodily injury and property damage.

1.3 **Commercial General Liability Insurance.** Commercial General Liability Insurance in the Contractor's name which shall include: Bodily Injury, Property Damage, Personal Injury, Independent Contractor's, Products and Completed Operations (for a period of not less than two (2) years following final completion of the Project), Contractual Liability, Blanket Contractual and Broad Form Property Damage coverage, with combined single limits of no less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate. Such policy must be further endorsed to:

- (a) Delete any exclusions for explosion, collapse, or underground hazards.
- (b) Provide Personal Injury coverage, with Contractual Liability Exclusion deleted.
- (c) Provide that any exclusion pertaining to professional design services shall apply only to such services provided by the Named Insured in its capacity as an architect, engineer or surveyor. Such exclusion, without limitation, shall not apply to any



construction means, methods, techniques, sequences and procedures employed by the Name Insured in connection with its business as a construction contractor.

1.4 **Umbrella Liability Insurance.**

(a) Umbrella liability insurance in the Contractor's name with limits no less than Five Million Dollars (\$5,000,000).

(b) The umbrella liability policy shall provide coverage at least as broad as the coverage furnished under the underlying policies.

1.5 **Owners and Contractors Protective Policy.**

An Owner's and Contractor's Protective Policy shall be provided listing all Indemnitees (and others as shall be required) with a limit of \$10,000,000 each occurrence and with a \$10,000,000 general aggregate.

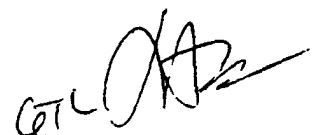
2. **Property Insurance.**

2.1 Contractor shall purchase and maintain until the date of Substantial Completion ready for beneficial occupancy All Risk Builder's Risk insurance upon the entire Work at the site to the full insurable value thereof. This insurance shall include the interests of Contractor, Owner, Subcontractors and Sub-subcontractors in the Work and shall insure against the perils normally insured against in an All Risk Builder's Risk policy.

2.2 Contractor shall purchase and maintain such steam boiler and machinery insurance as may be required by the Contract Documents or by law. This insurance shall include the interests of Contractor, Owner, Subcontractors and Sub-subcontractors in the Work.

3. **Subcontractors.**

3.1 All Subcontractors shall maintain the same policies of insurance required of the Contractor under the Contract Documents, but with such limits in accordance with the requirements of Annex 1 attached hereto and made a part hereof of this Exhibit D. The Contractor agrees that it will promptly advise the Owner in the event that any Subcontractor which it wishes to retain is unable to obtain such requisite insurance coverages and will obtain the Owner's prior written approval of any deviations in such insurance coverages prior to entering into an agreement with such Subcontractor which approval shall not be unreasonably withheld or delayed. The Contractor agrees that it will contractually obligate

A handwritten signature in black ink, appearing to be "CETL" followed by a stylized name or initials.



Subcontractors to promptly advise the Contractor of any changes or lapses of the requisite insurance coverages and the Contractor agrees to promptly advise the Owner of same.

4. **Terms and Conditions.**

4.1 Before the Contractor commences the rendition of any services or work pursuant to this Agreement, the Contractor shall file with the Owner one (1) valid/original certificate of insurance and two (2) copies of the same, including the required amendatory riders and endorsements, evidencing that all required insurance is in force, executed by an authorized representative of the insurance company, together with any other information Owner may require to insure that the provisions of this Exhibit have been complied with.

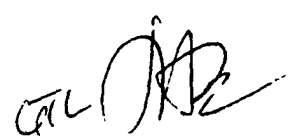
4.2 The Contractor shall maintain current/valid certificates which shall be kept on file with the Owner at all times during the performance of the services rendered pursuant to this Agreement. Such certificates shall identify the specific Project and location.

4.3 The Contractor shall not make changes in or allow the required insurance coverages to lapse without the Owner's prior written approval thereto.

4.4 All policies for insurance must be endorsed to contain a provision giving the Owner a thirty (30) day prior written notice by registered mail of any cancellation or non-renewal of that policy or material change in coverage.

4.5 Receipt and review by the Owner of any copies of insurance policies or insurance certificates, or failure to request such evidence of insurance, shall not relieve the Contractor of any obligation to comply with the insurance provisions of this Agreement.

4.6 The insurance provisions of the Contract Documents shall not be construed as a limitation on the Contractor's responsibilities and liabilities pursuant to the terms and conditions of the Contract Documents, including, but not limited to, liability for claims in excess of the insurance limits and coverages set forth herein.

A handwritten signature in black ink, appearing to be "CAL" followed by a stylized name or initials.

ANNEX 1  
to  
Exhibit D

**INSURANCE SCHEDULE OF LIMITS  
FOR SUBCONTRACTORS**

The following are the limits of coverage required of Subcontractors.

Insurance Description	Subcontract Value under \$500,000	Subcontract Value \$500,000 to \$1,000,000	Subcontract Value \$1,000,000 to \$5,000,000
Workers' Compensation	Statutory	Statutory	Statutory
Employers' Liability	\$500,000	\$500,000	\$1,000,000
Commercial General Liability	\$1,000,000	\$1,000,000	\$3,000,000
Automobile Liability	\$500,000	\$1,000,000	\$2,000,000*

\* Regardless of the size of the Subcontractor's Subcontract Value, any Subcontractor performing earthwork shall maintain automobile liability coverage in the amount of \$3,000,000.



*JR*

**RIDER TO THAT CERTAIN CONSTRUCTION AGREEMENT  
BY AND BETWEEN U.S. FITNESS, LLC, AS OWNER, AND MCSHANE  
CONSTRUCTION CORPORATION, AS CONTRACTOR, DATED APRIL 25, 2000, (THE  
"AGREEMENT") CONCERNING THE UNION STATION MULTIPLEX  
LOCATED IN CHICAGO, ILLINOIS (THE "PROJECT")**

This Rider ("Rider") supplements and modifies the provisions of the Agreement. In the event of any inconsistency between the provisions of the Agreement and the provisions of this Rider, the provisions in this Rider shall supercede such provisions in the Agreement. All items defined in the Agreement and used in this Rider shall have the same definition as set forth in the Agreement, except that, from and after the date hereof, the term Agreement when used therein shall mean the Agreement as supplemented and modified by this Rider.

1. Contractor hereby agrees that prior to commencement of its work under the Agreement (the "Work"), Contractor shall obtain and deliver to Owner performance and payment bonds for Work in the public right of way provided by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. Contractor agrees that the City of Chicago (the "City") shall be named as obligee or co-obligee on such bond.

2. Contractor hereby agrees that all Change Orders (and documentation substantiating the need and identifying the source of funding therefor), if any are authorized under the Agreement, shall be submitted by Owner to the City and the City's prior written approval is a condition precedent to the effectiveness of such Change Orders. No Work relating to any Change Orders or the furnishing of materials in connection therewith shall be performed or obtained prior to the receipt by Owner of the City's prior written approval. Contractor further agrees that all of its contracts with its subcontractors, if any, shall contain a provision to this effect. However, notwithstanding anything to the contrary herein, Change Orders costing less than Five percent (5%) of the Contract Sum as defined in the Agreement, to an aggregate amount of ten percent (10%) of the Contract Sum as defined in the Agreement, do not require the City's prior written approval; provided, however, the City shall be notified in writing of all such Change Orders prior to the implementation thereof.

3. Contractor agrees to pay, and agrees to contractually obligate each of its subcontractors to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all of its employees who perform any of the Work. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. The specified rates applicable to the Agreement are identified on Schedule I attached hereto and hereby incorporated herein, provided, however, that if the Department revises such prevailing wage rates, then such revised rates shall apply to all such contracts.

Upon Owner's request, the Contractor shall provide the City with copies of all of its contracts with its

*all JAB*

subcontractors to evidence compliance with this Paragraph 3. The Contractor further agrees to provide Owner with all information necessary to permit Owner to submit reports to the City evidencing compliance with the prevailing wage requirements

4. Contractor agrees and agrees to contractually obligate all of its subcontractors (Contractor and its subcontractors are sometimes collectively referred to herein as the "Employers" or, individually, an "Employer") to agree that during the period in which such Employer provides services in connection with the Work:

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

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

(c) Each Employer, in order to demonstrate compliance with the terms of this Paragraph, 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.

(d) 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, so that each such provision shall be binding upon each contractor or subcontractor as the case may be.

5. Contractor agrees and agrees to contractually obligate all of its subcontractors during the

period in which Contractor or its subcontractors provide services in connection with the Work to comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Owner, the Contractor and each of its subcontractors shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

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

Contractor shall maintain and shall contractually obligate all of its subcontractors to maintain adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence. The Contractor shall and shall contractually obligate its subcontractors to submit, to the City upon request of the Owner, from time to time, statements of its employment profile. Such information shall include weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent); in triplicate, which identify clearly all of the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

The Contractor shall provide and shall contractually obligate all of its subcontractor to provide full access to their employment records to the City of Chicago Purchasing Agent, the Commissioner of City's Department of Planning and Development, the Superintendent of the Chicago Police Department, the City's Inspector General or any duly authorized representative of any of them. Contractor shall maintain, and shall contractually obligate all of its subcontractors to maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the Work.

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

Good faith efforts on the part of the Contractor and each subcontractor to provide utilization of actual Chicago residents shall not suffice to replace the actual, verified achievement of the requirements of this Paragraph concerning the worker hours performed by actual Chicago residents.

The willful falsification of statements and the certification of payroll data may subject the Contractor and/or the subcontractors to prosecution.

6. Contractor agrees to comply and agrees to contractually obligate all of its subcontractors to agree during the period in which Contractor or its subcontractors provide services in connection with the Work that, during the Project:

Handwritten signature and initials in the bottom right corner of the page.

(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 Paragraph, during the course of the Project, at least the following percentages of the total value of the Agreement (or, in the case of each subcontractor, the total value of the contract applicable thereto) shall be expended for contract participation by MBEs or WBEs (as such terms are defined in Paragraph 6(g) herein):

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

(b) Consistent with Section 2-92-440, Municipal Code of Chicago, Contractor's MBE/WBE commitment may be achieved in part by subcontracting 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 Contractor's MBE/WBE commitment as described in this Paragraph 6. 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.

(c) Contractor shall submit reports to Owner evidencing compliance with this Paragraph 6 as part of each draw request and after the following periods: (1) upon expenditure of 25 percent of the total value of the Agreement; (2) upon expenditure of 50 percent of the total value of the Agreement; (3) upon expenditure of 70 percent of the total value of the Agreement, with a plan to address any shortfall; and (4) upon completion of the Work. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Work, 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 Owner and the City's Department of Planning and Development in determining Contractor's compliance with this ~~project-~~ related MBE/WBE commitment. Contractor shall allow the Owner and the City access to the Contractor's books and records, including, payroll records, books of account and records on five (5) business days notice. *project-related*

(d) Upon the disqualification of any MBE or WBE subcontractor, if such status was misrepresented by the disqualified party, the Contractor agrees to discharge or cause to be discharged the disqualified subcontractor and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Subsection 6(d), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

(e) Any reduction or waiver of the Owner's or Contractor's MBE/WBE commitment as described in this Paragraph 6 shall be undertaken solely in accordance with Section 2-92-450, Municipal Code of Chicago.

*AM*

(f) Prior to the commencement of the Work, the Contractor and all major subcontractors shall meet with Owner and the monitoring staff of the City's Department of Planning and Development ("DPD") with regard to Contractor's compliance with its obligations under this Paragraph 6. During this meeting, Contractor shall demonstrate to DPD its plan to achieve its obligations under this Paragraph 6, the sufficiency of which shall be approved by DPD. During the Project, the Contractor shall submit any documentation required by the City, the Owner and this Paragraph 6 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Contractor is not complying with its obligations hereunder shall, upon the delivery of written notice by DPD or Owner to Contractor, be deemed a default hereunder. Upon the occurrence of any such default, in addition to any other remedies provided in this Agreement, Owner may: (1) issue a written demand to Contractor to halt the Work, (2) withhold any further payment of any funds to Contractor, or (3) seek any other remedies against Contractor available at law or in equity.

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

7. Contractor shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Work and the disposition of all funds from whatever source allocated thereto, and to monitor the Work. All such books, records and other documents, including but not limited to Contractors' and subcontractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at Contractor's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Owner's expense. The Contractor shall incorporate this right to inspect, copy, audit and examine all books and records into all subcontracts entered into by Contractor with respect to the Work. If an audit inspection or examination in accordance with this Paragraph 7 discloses overpricing or overcharges (of any nature) by the Contractor to the Owner in excess of one percent (1%) of the total contract billings in addition to repayment or credit for the overcharges, the reasonable actual cost of the Owner's audit shall be reimbursed to the Owner by the Contractor. Any adjustments and/or payments which must be made as a result of any such audit or inspection of the Contractor's invoices and/or record shall be made within a reasonable amount of time (not to exceed 60 days) from presentation of Owner's findings to Contractor.

A handwritten signature in black ink, appearing to be 'C. J. [unclear]', located in the bottom right corner of the page.

8. Contractor shall provide and maintain, or cause to be provided and maintained, at its sole cost and expense, at all times throughout the term of the Agreement (or during the period that the Work that is the subject of this Agreement is performed) and until each and every obligation of the Contractor under this Agreement is fully performed, the types of insurance specified in Schedule II attached hereto and hereby incorporated herein, with insurance companies authorized to do business in the State of Illinois covering all operations under this Agreement, whether performed by Contractor or any subcontractor. Notwithstanding the provisions of this Paragraph 8 or of Schedule II, if any other provisions of this Agreement require Contractor to provide and maintain insurance in addition to, or with limits greater than, or with coverages more extensive than, the insurance specified in Schedule II, Contractor shall comply with such other provisions of this Agreement.

9. Without limiting any of the requirements set forth in Paragraphs 1 through 8 of this Rider, Contractor agrees to comply, and agrees to contractually obligate all of its subcontractors to comply, with all of the requirements and obligations set forth in the Department of Planning and Development Pre-Construction Meeting Booklet, a copy of which is attached hereto as Schedule III, and by this reference incorporated into this Agreement. Further, Contractor agrees that it shall include a copy of the document attached to this Rider as Schedule III in each subcontract that Contractor enters into and shall obligate each subcontractor to do so with respect to its own lower-tier subcontractors.

10. Without limiting any of the requirements set forth in Paragraphs 1 through 8 of this Rider, to the extent that the City requires other provisions be included in the Agreement, the parties will in good faith negotiate to amend the Agreement by Change Order to include those provisions. To the extent the City deletes any of the requirements set forth in the Agreement or then the parties will, by Change Order, amend the Agreement to delete such requirements.

Handwritten signature and initials in the bottom right corner of the page.



Dated: April 24, 2000

**CONTRACTOR:**

McSHANE CONSTRUCTION CORPORATION

By: [Signature]  
Name: JEFFREY A BISHOP  
Title: PRESIDENT

**OWNER:**

U.S. FITNESS, LLC

By: [Signature]  
Name: GALE T. LANDERS  
Title: Pres/CEO

38 33 JAL  
GTL

[Signature]

## SCHEDULE II

### INSURANCE REQUIREMENTS

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

(i) Workers' Compensation and Employers Liability Insurance

Workers' Compensation and Employers Liability Insurance, as prescribed by applicable law, covering all employees who are to provide a service under or in connection with this Agreement, and Employers Liability coverage, with limits of not less than \$100,000.00 for each accident or illness.

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

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000.00 per occurrence, for bodily injury, personal injury and property damage liability. Coverages shall include the following: all premises and operations, products/ completed operations, independent contractors, separation of insureds, defense and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from this Work.

- (b) Construction: Prior to the performance of the Work, Contractor shall procure and maintain, or cause to be procured and maintained, the following kinds and amounts of insurance:

(i) Workers' Compensation and Employers Liability Insurance

Workers' Compensation and Employers Liability Insurance, as prescribed by applicable law, covering all employees who are to provide a service under or in connection with this Agreement, and Employers Liability coverage, with limits of not less than \$500,000.00 for each accident or illness.

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

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000.00 per occurrence, for bodily injury, personal injury and property damage liability. Coverages shall include the following: all premises and operations, products/completed operations (for a minimum of two (2) years following completion of the Project), explosion, collapse, underground,



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

(iii) Automobile Liability Insurance (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed under this Agreement, the Contractor shall provide and maintain, or cause to be provided and maintained, Automobile Liability Insurance with limits of not less than \$2,000,000.00 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(iv) Builders Risk Insurance

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

FILE 

(v) Professional Liability

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions shall be maintained with limits of not less than \$1,000,000.00. Coverage shall include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of the Work. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vi) Valuable Papers Insurance

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

(vii) Contractors' Pollution Liability Insurance

When any environmental remediation work is undertaken by the Contractor or any subcontractor in connection with this Agreement, Contractors' Pollution Liability Insurance shall be provided with limits of not less than \$1,000,000.00 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of the Work. A claims-made policy which is not renewed or replaced must have an extended reporting period of one (1) year.

(c) Other Provisions

(i) **Delivery of certificates to City:** At least ten (10) business days prior to the date Work commences (unless otherwise specified by Owner) Contractor shall furnish the following certificates to Owner, for delivery 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 this 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

Handwritten signature and initials, possibly "H.C." followed by a stylized signature.

--Original City of Chicago Insurance Certificate of Coverage Forms (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) Contractor shall advise all insurers preceding any of the insurance requirements set forth in this Agreement of the insurance requirement of this Agreement, and the receipt by Contractor of policies or certificates that do not conform to these requirements shall not relieve the Contractor 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 a default hereunder, and Owner is entitled to exercise all remedies with respect thereto. Contractor expressly understands and agrees that any coverages and limits furnished by Contractor shall in no way limit the Contractor's liabilities and responsibilities specified within this Agreement or as required by law.

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

(iv) The Contractor agrees, and shall cause its insurers and the insurers of its subcontractors engaged in connection with the Work to agree, that all such insurers shall waive their rights of subrogation against the City, its employees, elected officials, agents or representatives.

(v) The limitations set forth in any indemnification provisions of the Agreement 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 Contractor is responsible for meeting all of the insurance requirements under this Agreement and for the Work. Any insurance or self insurance programs maintained by Owner shall apply in excess of and not contribute with insurance required to be provided by Contractor or any subcontractor under this Agreement.

(vii) Contractor agrees that the City of Chicago Risk Management Department maintains the right to modify, delete, alter or change the insurance requirements set forth in this Agreement including adding the Railroad Protective Liability Insurance and Contractor shall comply with any such modifications, alternations or changes upon demand by Owner.

A handwritten signature in black ink, appearing to be 'CAL' followed by a stylized name or initials.

CELL PAZ

SCHEDULE III

DEPARTMENT OF PLANNING AND DEVELOPMENT  
PRECONSTRUCTION MEETING BOOKLET

*Gen. [Signature]*

**DEPARTMENT OF PLANNING  
AND DEVELOPMENT**

**Pre Construction Meeting Booklet**

COTL 



## Preconstruction Meeting Minutes

This project will be subject to the following ordinances and/or requirements as stipulated in your redevelopment agreement:

Prevailing Wage:	Dated: _____
Job Creation / Retention:	Number of Jobs to be created: _____ Number of jobs to be Retained: _____
MBE / WBE Participation: MBE Budget:	MBE % _____ WBE% _____ _____ MBE Goal \$ _____ WBE Goal \$ _____
City Residency:	<u>50%</u> of Total Project Hours
Other:	_____


The City maintains a relationship with prime contractor/developer only. Contractor/developer are responsible for the disbursement, collection, review and forwarding of all subcontractor payrolls and/or documentation.

### Required reports/forms to be submitted during duration of project:

- 1.. **Subcontractor Activity Report** - initial form due prior to construction; thereafter, supplemented every time a contract is let. Must be thoroughly completed and submitted prior to any given contractor commencing any work on-site. City must check to make sure company is not suspended or debarred from working on publically funded projects.
2. **Certification Concerning Labor Standards**; must be completed by Developer prior to construction.
3. **EEO-1 or Equal Opportunity Employer Information Report**; To be completed by developer and all tier subcontractors one time, prior to coming on site.
4. **U.S. Dept. of Labor Monthly Employment Utilization Report**; completely monthly and submitted with monthly payrolls for each company, all tiers.
5. **Authorization of Payroll Agent Form**; completed and submitted once (unless agent changes during course of project), by all companies submitting payrolls.
6. **"Letter of Understanding"** is to be signed by the Developer and General Contractor and to be submitted prior to construction.



7. **Certified Payrolls;** to be completed and submitted monthly by all contractors on-site, all tiers.
- A. Any company performing "trade" labor on project will be considered a subcontractor and therefore must submit payroll.
  - B. The first day a company comes on-site, that will be deemed their first work week, thereafter, payroll is submitted for every week until the completion of their contract. In cases where a given contractor does not work a week, payrolls must still be submitted with "NO WORK" written across.
  - C. The City receives one (1), originally signed set.
  - D. Companies using apprentices, must attached a current and original Certificate of Apprenticeship (issued by the Department of Labor- **NO OTHER DOCUMENT(S) WILL BE ACCEPTED.**) to the payroll the first the given individuals' name appears on the payroll.
  - E. Titles such as "helper, journeyman or trainee" will not be accepted; be sure to use only Classifications found on the wage decision you received today. Use of any other classifications will have to be authorized by the Department of Labor.
  - F. Anyone working over 40 hours must be paid time and a half and double overtime when applicable.
  - G. Full journeyman wages must be paid to All individuals performing "trade" labor on-site and/or transporting materials to and from site and/or manufacturing/ furnishing supplies and/or equipment on-site.
  - H. You must provide a fringe benefit package to your workers or pay the hourly equivalent in cash (on their paychecks). Fringe benefits must be paid in addition to base rate. You can only make deductions permitted by the Secretary of Labor, all other deductions must be returned to employee unless deduction is work related and approved by employee. In cases of wage garnishments of any kind, a copy of the appropriate judgement must be provided.
  - I. The City will allow use of a "personalized" payroll form. Form may be enhanced with additional information, however, information cannot be detracted from.
  - J. Complete employee information is to repeated on every payroll for projects monitored for City residency hours.
    1. Complete work hour information is to repeated on every payroll for every week
    2. Complete deduction information is to repeated on every payroll for every week
    3. Work classification is to repeated on every payroll for every week
    4. Overtime rate must be shown, when applicable.

107L 

**Other stipulations and/or requirements:**

- **No one under the age of 16 is permitted to work the "construction" site.**
- **All required federal signs and/or notifications must be clearly displayed at all time during the duration of this project and maintained.**
- **The city will conduct a minimum of three site visits, your full cooperation is required.**

**When a prevailing wage violation is discovered, the developer will be given a specified time to correct the matter. Upon expiration of this time, if the matter is not resolved according the given laws, rules, regulations, ordinances and/or procedures, the City reserves the right to initiate a full investigation which will include, but not limited to: interview employee(s), take written statements, document observations, examine company payrolls, deduct owed amounts from final payment, setup escrow accounts and in most severe cases, turn the matter over to the U.S. Department of Labor for criminal investigation and prosecution. You full cooperation is required in any case.**

**Note: any and all payments will be held if and when the developer fails to ensure compliance with the any or all the requirements mentioned at this meeting. A copy of all payment request must be provided to the compliance officer for payout approval.**

**We suggest:**

1. **Attaching a copy of this booklet to all subcontracts.**
2. **"Final" payouts to any and all subcontractors be held until, you are assured by the City the all appropriate paperwork and requirements have been met by them (subcontractor)**
3. **Obtain "final" Waivers of Liens and Sworn Statements from all parties paid.**

A handwritten signature in black ink, appearing to be "GTC" followed by a stylized name or initials.

## CITY OF CHICAGO - SUBCONTRACTOR ACTIVITY REPORT

<b>Project Number:</b>		<b>HUD Source:</b>			<b>Date:</b>		
<b>Contractor:</b>				<b>Address:</b>			
<b>Project Name and Location:</b>				<b>Actual Construction Start Date:</b>			
Name of subcontractor Complete Address and Tax I.D. Number	Amount of Contract	MBE/ WBE/ DBE	Ethnic/ Racial Code	Gender Code	Section 3 Business Concern (Y/N)	Type(s) of Services Provided (Including Construction and Services)	Anticipated Start and Completion Dates:
#:	\$						From: To:
#:	\$						From: To:
#:	\$						From: To:
#:	\$						From: To:
#:	\$						From: To:

*Handwritten initials/signature*

**Ethnic/Racial Code:**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>1. White American</li> <li>2. African American</li> <li>3. Native American</li> </ul> | <ul style="list-style-type: none"> <li>4. Hispanic American</li> <li>5. Asian Pacific American</li> <li>6. Hasldic Jew</li> </ul> |
|--|---|





Illinois Department of Labor  
 Division of Conciliation & Mediation  
 Prevailing Wages for January 2000

Cook County

Trade Name	AGM	Trade Type	Trade Class	Base Wage	Plan Wage	OT M-F 7-0	OT Sat.	OT Sun/hol	RTK	Pension	Ac
ASBESTOS ABT-GEN		ALL		24.350	24.350	1.5	1.5	2.0	3.270	2.050	0.00
ASBESTOS ABT-MEC		BLD		23.300	24.800	1.5	1.5	2.0	3.640	5.520	0.000
BOILERMAKER		BLD		30.720	31.100	2.0	2.0	2.0	3.200	4.300	0.000
BRICK MASON		BLD		27.480	28.480	1.5	1.5	2.0	4.000	3.750	0.000
CARPENTER		ALL		28.200	29.700	1.5	1.5	2.0	4.460	2.460	0.000
CEMENT MASON		ALL		28.000	28.750	2.0	1.5	2.0	4.700	2.800	0.000
CERAMIC TILE FINISHER		ALL		21.600	21.000	2.0	1.5	2.0	2.900	3.450	0.000
ELECTRIC PWR EQMT OP		ALL		29.050	31.950	1.5	1.5	2.0	3.630	4.000	2.260
ELECTRIC PWR GRNDMAN		ALL		22.660	31.950	1.5	1.5	2.0	2.830	3.120	1.760
ELECTRIC PWR LINEMAN		ALL		29.050	31.950	1.5	1.5	2.0	3.630	4.000	2.260
ELECTRICIAN		ALL		29.650	31.650	1.5	1.5	2.0	4.740	7.190	0.000
ELEVATOR CONSTRUCTOR		BLD		30.010	33.760	2.0	2.0	2.0	3.845	2.190	1.800
FENCE ERECTOR		ALL		18.910	19.910	1.5	1.5	2.0	4.100	5.170	0.000
GLAZIER		BLD		24.500	25.500	1.5	2.0	2.0	3.780	4.910	0.000
HT/FROST INSULATOR		BLD		27.400	29.150	1.5	1.5	2.0	4.740	6.660	0.000
IRON WORKER		ALL		27.850	29.350	2.0	2.0	2.0	5.060	8.740	0.000
LABORER		ALL		24.350	24.850	1.5	1.5	2.0	3.320	2.210	0.000
LATHER		BLD		28.200	29.700	1.5	1.5	2.0	4.460	2.460	0.000
MACHINIST		BLD		28.250	30.000	2.0	2.0	2.0	3.150	1.900	1.950
MARBLE FINISHERS		ALL		20.780	0.000	1.5	1.5	2.0	3.600	3.800	0.000
MARBLE MASON		BLD		25.460	26.960	1.5	1.5	2.0	4.000	5.720	0.000
MILLWRIGHT		ALL		28.200	29.700	1.5	1.5	2.0	4.460	2.460	0.000
OPERATING ENGINEER		BLD	1	29.600	30.350	2.0	2.0	2.0	4.600	3.590	1.450
OPERATING ENGINEER		BLD	2	28.300	30.350	2.0	2.0	2.0	4.600	3.590	1.450
OPERATING ENGINEER		BLD	3	25.900	30.350	2.0	2.0	2.0	4.600	3.590	1.450
OPERATING ENGINEER		BLD	4	24.150	30.350	2.0	2.0	2.0	4.600	3.590	1.450
OPERATING ENGINEER		FLT	1	32.600	0.000	1.5	1.5	2.0	4.300	3.390	1.400
OPERATING ENGINEER		FLT	2	31.100	0.000	1.5	1.5	2.0	4.300	3.390	1.400
OPERATING ENGINEER		FLT	3	27.700	0.000	1.5	1.5	2.0	4.300	3.390	1.400
OPERATING ENGINEER		FLT	4	23.050	0.000	1.5	1.5	2.0	4.300	3.390	1.400
OPERATING ENGINEER		HWY	1	27.300	29.300	1.5	1.5	2.0	4.600	3.590	1.450
OPERATING ENGINEER		HWY	2	27.250	29.300	1.5	1.5	2.0	4.600	3.590	1.450
OPERATING ENGINEER		HWY	3	25.350	29.300	1.5	1.5	2.0	4.600	3.590	1.450
OPERATING ENGINEER		HWY	4	23.950	29.300	1.5	1.5	2.0	4.600	3.590	1.450
OPERATING ENGINEER		HWY	5	22.750	29.300	1.5	1.5	2.0	4.600	3.590	1.450
ORNAMNTL IRON WORKER		ALL		24.430	25.430	2.0	2.0	2.0	4.100	7.120	0.00
PAINTER		ALL		26.450	29.760	1.5	1.5	1.5	3.950	3.790	0.00
PAINTER SIGNS		BLD		22.420	25.230	1.5	1.5	1.5	2.860	1.590	0.00
PILEDRIIVER		ALL		28.200	29.700	1.5	1.5	2.0	4.460	2.460	0.00
PIPEFITTER		BLD		31.700	33.700	1.5	1.5	2.0	3.900	3.150	0.00
PLASTERER		BLD		26.600	27.600	1.5	1.5	2.0	3.500	2.000	0.00
PLUMBER		BLD		31.000	32.000	1.5	1.5	2.0	4.250	2.690	0.00
ROOFER		BLD		27.050	29.050	1.5	1.5	2.0	4.000	2.000	0.00
SHEETMETAL WORKER		BLD		28.560	30.840	1.5	1.5	2.0	4.160	5.690	0.00
SIGN HANGER		BLD		20.520	21.370	1.5	1.5	2.0	3.530	1.750	0.00
SPRINKLER FITTER		BLD		30.870	32.370	2.0	2.0	2.0	4.000	3.550	0.00
STEEL ERECTOR		ALL		27.850	29.350	2.0	2.0	2.0	5.060	8.740	0.00
STONE MASON		BLD		27.480	28.480	1.5	1.5	2.0	4.000	3.750	0.00
TELECOM WORKER		BLD		23.800	25.300	1.5	1.5	2.0	2.910	4.320	2.20
TERRAZZO MASON		BLD		25.180	26.680	2.0	1.5	2.0	4.150	4.300	0.00
TILE MASON		BLD		26.500	28.000	2.0	1.5	2.0	2.900	3.950	0.00

GC/L [Signature]

TRUCK DRIVERS - WEST - That part of the county west of Huntington Road.

The following list is considered as those days for which holiday rates of wages for work performed apply: New Years Day, Memorial/Decoration Day, Fourth of July, Labor Day, Veterans Day, Thanksgiving Day, Christmas Day, January 1st. Holidays which fall on a Sunday is celebrated on the following Monday. This then makes work performed on that holiday have appropriate overtime rate for holiday pay. Common practice in a given local may alter certain days of celebration such as the Thanksgiving for Veterans Day. If in doubt, please check with IOL.

EXPLANATION OF CLASSES

ASBESTOS - GENERAL - removal of asbestos material from any place in a building, including mechanical systems where those systems are to be removed. This includes the removal of asbestos materials from ductwork or pipes in a building when the building is to be at the time of or at some date (future date).

ASBESTOS - MECHANICAL - removal of asbestos material from mechanical systems, such as pipes, ducts, and boilers, where the mechanical are to remain.

TRAFFIC SAFETY - work associated with barricades, hoses and drums used to reduce lane usage on highway work, the installation of temporary lane markings, and the installation and removal of temporary road signs.

TRUCK DRIVER - BUILDING, HEAVY AND HIGHWAY CONSTRUCTION - EAST & WEST

Class 1. Two or three axle trucks. A-frame Truck used for transportation purposes; Air Compressors and welding machines. These pulled by cars, pick-up trucks and tractors; Ambulances; Batch Gate Loaders; Batch Soppachan; Car and Truck Washers; Carry-lifts and Balancers; Saws; Mechanical Saws and Grinders; Oil Distributors 1-man operation; Pavement Breakers; Pole Trailer, 2-3' Power Mower Tractors; Self-propelled Chip Spreader; Shimmers; Slurry Trucks, 1-man operation; Slurry Truck Conveyor Operation; Tractors; Unfilled dumpers; and Truck Drivers handling warning lights, barricades, and portable toilets on the job site.

Class 2. Four axle trucks; Dump Cans and Adapters under 7 yards; Dumpsters, Truck Trucks, Euclide, Bag Bottom Dump Truck Trailers when pulling other than self-loading equipment or similar equipment under 16 cubic yards; Mixer Trucks under 7 yards; and Hopper Operator, and Winch Trucks, 3 Axles.

Class 3. Five axle trucks; Dump Cans and Adapters 7 yards and over; Dumpsters, Truck Trucks, Euclide, Bag Bottom Dump Truck Trailers when pulling other than self-loading equipment or similar equipment over 16 cubic yards; Explosives and/or Explosive Meter Mixer Trucks 7 yards or over; Mobile Cranes while in transit; Oil Distributors, 1-man operation; Pole Trailer, over 40 feet; Dependable Trailers handling material over 30 feet long; Slurry trucks, 1-man operation; Winch trucks, 3 axles or more; Mechanical-T and Truck Painter.

Class 4. Six axle trucks; Dual-purpose vehicles, such as mounted crane trucks with hoist and accessories; Pumps; Mania; Self-loading equipment like P.S. and trucks with scope on the front.

OPERATING ENGINEERS - BUILDING

Class 1. Mechanic; Asphalt Plant; Asphalt Spreader; Autograds; Backhoe with Calson attachment; Batch Plant; Batch Sellar & Valve; Calson Rig; Central Mix Plant; Combination Back Hoe Front End-loader Machine; Compressor and Throttle Valve; CONEX (Truck Mounted); Concrete Conveyor; Concrete Paver; Concrete Panner; Concrete Placing Sows; Concrete Pump (Truck Mounted); Concrete Crane, All; Cranes, Hammerhead; Crane, (JCI and similar type); Crane Crane; Crane, Stone, etc.; Servitors, All; Servitors, Formless Curb and Gutter Machine; Grader, Elevating; Grouting Machines; Highlift Shovels or Front Endloaders 1-1/4 yd. and over; Shovelers, outside type rock and plain and similar machines; Hoists, one, two and three drum; Hoists, Two Tapper One Floor; Hoists; Hydraulic Saw Trucks; Hyde Van (and similar equipment); Locomotives, All; Motor Patrol; Pile Drivers and Skid Air; Pre-stress Machine; Pump Crane Dual Drum Pump Crane; Squeeze Crane-crow Type Pump; Raisin and Blind Hole Drill; Saws - Tractor Crane; Slip-form Paver; Straddle Buggies; Turntable; Tractor with Boom and Side Sows; Trimming Machine.

Class 2. Bobcat (over 1/4 cu. yd.); Bellows; Brick Forklift; Brown, All Power Propelled; Bulldozers; Concrete Mixer (Two Drum); Concrete, Full-time, Forklift Trucks, Tractor Engineer; Highlift Shovels or Front Endloaders under 1-1/4 yd.; Hoists, Intermediate to Freight Elevators; Hoists, Tower Clipping Machine; Hoists, Tigger Single Drum Laser Screen; Rear Drill (self-propelled); Rear mounted; Rollers, All; Sows Concrete; Tractors, All; Tractor Crane Vibratory Roller; Winch Trucks with "A" Frame.

Class 3. Air Compressor; Combination - Small Equipment Operator; Generators; Sectors, Mechanical; Hoists, Inside Elevators - (All Controlled); Hydraulic Power Units (Pile Driving, Extracting, and Drilling); Pumps, over 3" (1 to 3 not to exceed a total of 300 Gallons); Welding Machines (2 through 5); Winches, 4 small Electric Drill Winches; Bobcat (up to and including 1/4 cu. yd.

Class 4. Bobcats and/or other Skid Steer Loaders; Oilers; and Brick Forklift.

OPERATING ENGINEERS - FLOATING

Class 1. Craft Carman (Master Mechanic), driver/wet tender, engineer (hydraulic dredge).

Class 2. Crane/backhoe operator, mechanic/welder, assistant engineer (hydraulic dredge), leverman (hydraulic dredge), and 1

Class 3. Dock equipment operator (mechanician), maintenance of crane (over 30 ton capacity) or backhoe (96,000 pounds or more) operator, loader, dicer and like equipment in barge, streamwater wall, slip/dock or scow, dock machinery, etc.

Class 4. Dock equipment operator (mechanician/cirman), 1 equipment units or more and crane maintenance 30 ton capacity; backhoe weighing 96,000 pounds or less, assistant tug operator.

# AUTHORIZATION OF PAYROLL AGENT

Project name: \_\_\_\_\_  
(agency's name)

This letter certifies that \_\_\_\_\_ is authoriz  
(Print name of designated payroll officer)

by \_\_\_\_\_ to complete  
(Legal name of construction Company) (Federal Tax ID Number)

execute all payroll forms (#WH347) for the aforementioned project.

**Authorization approved by**

\_\_\_\_\_  
(Must be signature of Company President/Owner)

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Designated Payroll Officer)

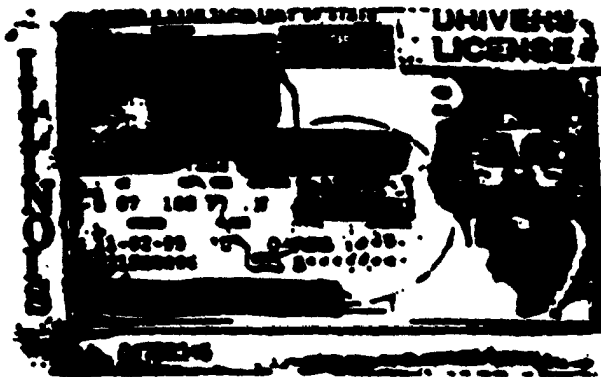




## CITY RESIDENCY REQUIREMENT

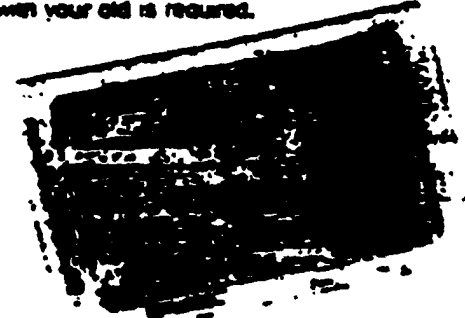
**Contractor (including subcontractors) must submit copy of a valid drivers license or state ID for any and all "City" residents the first time their name appears on a payroll.**

### THAT'S A FACT



### RULES OF THE ROAD

The state requires drivers to report name or address changes within 10 days to any driver services facility or by mail to the Driver Services Department, Attention: Address change, 2701 S. Doreen Pkwy., Springfield, IL, 62723-0001. Identification that links your new information with your old is required.



**NOTE: No other form of identification will be accepted**

1574 *[Handwritten Signature]*


## INSTRUCTION FOR PREPARATION OF CERTIFIED PAYROLL FORM

This form needs to be submitted to the funding department on a weekly basis. You may want to form so that you have a supply of forms to last for the duration of your project.

The applicant acknowledges that the information provided on this form may be disclosed to the City of Chicago, including requests under the Freedom of Information Act, and releases any rights or claims it may have against the City in connection with the information.

- A) **Contractor or Subcontractor:** Provide the complete legal name of the applicable business.
  - B) **Address:** Provide the complete address of the contractor or subcontractor, including city, state, and zip code.
  - C) **Payroll Number:** Provide the correct payroll number according to the progress of the work (initial week to the final week) with respect to the corresponding contractor or subcontractor.
  - D) **For Week Ending:** Indicate the ending date of the payroll week (month, day, year).
  - E) **Project and Location:** Provide the complete project name and project address(es).
  - F) **Name, Address and Social Security of Employee:** Provide the complete legal name, address (city, state, and zip code) and social security number of each employee.
  - G) **Date of Hire:** Provide each employee's effective date of hire (month, day, year).
  - H) **Identified Section 3 Resident:** Confirm that specific employees are section 3 residents to be your numeric hiring goals.
  - I) **Section 3 Affidavit for Attached for a new hire:** Attach a copy of the section 3 resident's affidavit of status. Keep the original(s) on file pursuant to funding department site visits.
  - J) **Address Documentation Attached for a New Hire:** Attach a copy of the section 3 resident's affidavit of residence.
  - K) **Gender (optional):** Indicate the gender of the employees as "M" (Male) or "F" (Female) on the form.
  - L) **Racial Group:** Indicate the identified racial or ethnic group of which each employee is a member and the code provided.
  - M) **Work Classifications:** Provide the correct work classification for each employee. For apprentices, provide the level of apprenticeship achieved.
- NOTE:** U.S. Department of Labor Apprentices Certification is to be submitted for each apprentice job site.
- N) **Day and Date:** Indicate the days and corresponding rates for this weekly payroll.

10/11/11



1) Hours Worked Daily: Indicate the total hours worked with respect to straight time and overtime hours in a given day and the hours in a given week. With regard to overtime, indicate straight time in a given day and overtime hours in a given week, as defined by Federal Labor Standard

2) Total Hour: Provide the total straight time and overtime work per employee.

NOTE: This box may be divided by a slash if job site hours differ from total worked (to include

3) Rate of Pay: Provide the hourly rate of pay for each employee with respect to straight time and

4) Gross Amount Earned: Provide the gross amount earned consisting of both straight time and

NOTE: This box may be divided by a slash if job site hours differ from total worked hours both).


5) Deductions: Provide the net wage amount for each employee as indicated.

6) Net Wages: Provide the net wage amount for each employees as indicated.

7) Total Hours on This Page: Provide the sum of all straight time and overtime hours for all Chicago residents on this page, on this job site only, in accordance with the amended City Resident Hire

8) Total Hour for Chicago Residents: Provide the sum of all straight time and overtime hours for Chicago residents on this page, on this job site only, in accordance with the amended City Resident Hire

9) Total Hours for Non-Residents: Provide the sum of all straight time and overtime hours for Non-Residents on this page, on this job site only.

672 

CONTRACTOR  
LETTER OF UNDERSTANDING

PROJECT NAME: \_\_\_\_\_

PROJECT NUMBER: \_\_\_\_\_

This letter signifies that the proper official (s) of:

\_\_\_\_\_  
(Subcontractor's Name) (I.D. Number)

\_\_\_\_\_  
(Street Address) (City, State and Zip Code)

have read and understand the Pre-construction Conference Booklet and Labor Standards Provisions and Related Matters.

By: \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)



Exhibit

G

## 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

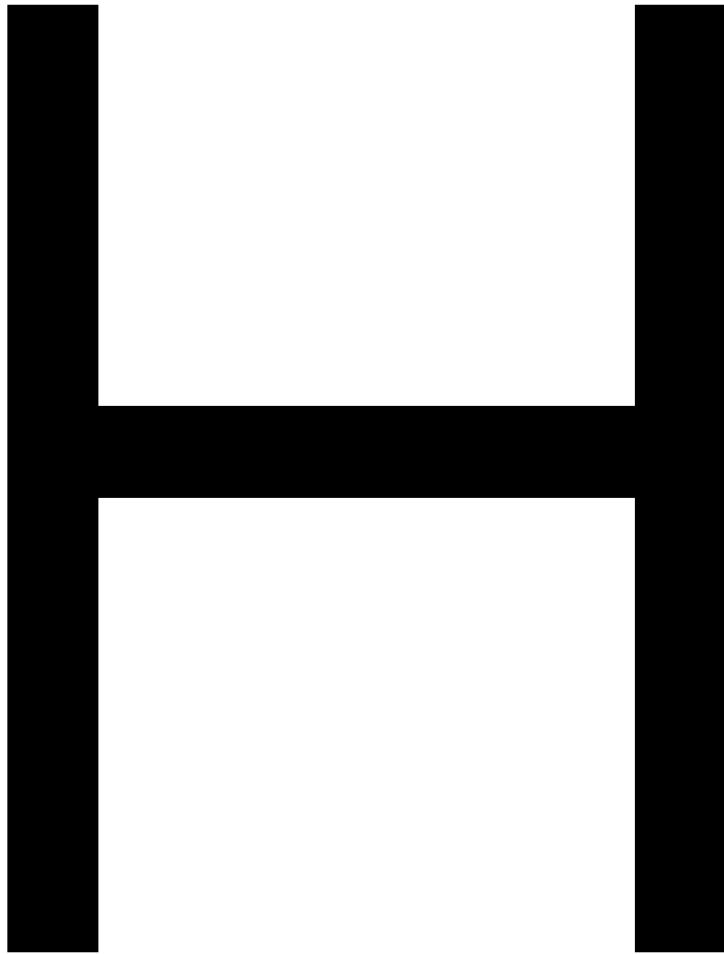


Exhibit  
H-1

Total Project Budget

<u>Uses of Funds:</u>		
Leasehold Improvements/Construction Costs		<b>\$11,338,050</b>
Demolition	1,033,000	
Non-Structural	597,000	
Structural	103,545	
Contingency	200,000	
Other (incl. fees, mgmt & overhead, permits)	<u>132,455</u>	
Shell	4,895,550	
Plaza & Sidewalk (Vault Repair)	460,300	
Concrete & Structural Steel	874,830	
Carpentry & Roofing	416,854	
Glass, Glazing & Drywall	591,340	
Elevators	120,000	
Fire Protection	166,000	
Plumbing	139,040	
HVAC	592,099	
Electrical	223,000	
Contingency	962,729	
Other (incl. fees, mgmt & overhead, permits)	<u>349,358</u>	
Tenant Improvements (Fitness portion only)	4,284,500	
Masonry & Metals	79,055	
Carpentry & Millwork	214,600	
Glass, Glazing, Drywall, Tile, Painting	971,459	
Swimming Pool, Equipment	311,625	
Fire Protection	69,200	
Plumbing	210,960	
HVAC	487,900	
Electrical	437,000	
Lighting Fixtures	125,000	
Contingency	913,857	
Other (incl. fees, mgmt & overhead, permits)	<u>463,844</u>	
Tenant Improvements (RUSH portion only) (incl. Furniture, Fixtures, Equipment)	650,000	
Design Fees		786,950
Project Contingency		150,000
Furniture, fixtures and equipment		1,000,000
Professional Fees (including legal, acctng, and market studies)		200,000
Pre-opening marketing		400,000
Working Capital		300,000
Fitness Formula pre-opening management fee		<u>100,000</u>
Total Use of Funds		<b>\$ 13,800,000</b>



**MBE/WBE BUDGET**

Uses of Funds:

Demolition		<b>800,545</b>
Non-Structural	597,000	
Structural	103,545	
Contingency	<u>100,000</u>	
Shell		<b>4,064,827</b>
Plaza & Sidewalk (Vault Repair)	460,300	
Concrete & Structural Steel	874,830	
Carpentry & Roofing	416,854	
Glass, Glazing & Drywall	591,340	
Elevators	120,000	
Fire Protection	166,000	
Plumbing	139,040	
HVAC	592,099	
Electrical	223,000	
Contingency	<u>481,364</u>	
Tenant Improvements (Fitness portion only)		<b>3,363,727</b>
Masonry & Metals	79,055	
Carpentry & Millwork	214,600	
Glass, Glazing, Drywall, Tile, Painting	971,459	
Swimming Pool, Equipment	311,625	
Fire Protection	69,200	
Plumbing	210,960	
HVAC	487,900	
Electrical	437,000	
Lighting Fixtures	125,000	
Contingency	<u>456,928</u>	
Tenant Improvements (RUSH portion only)		<b>650,000</b>
<b>MBE/WBE BUDGET</b>		<b>\$ 8,879,099</b>
<b>MBE Dollar Value Requirement</b>		<b>\$ 2,219,775</b>
<b>WBE Dollar Value Requirement</b>		<b>\$ 443,955</b>

# Exhibit



Exhibit I  
Approved Prior Expenditures

SHANE COMPANIES

JOB COST TO DATE REPORT

3-23-01

Page 2

Job	Phase	LABOR HOURS	LABOR	MATERIAL	EQUIPMENT	SUBCONTRACTS	TOTAL COSTS
1-00-002	UNION STATION MULTIPLEX						
	2-050 DEMOLITION; SITE					260,830	260,830
	2-110 OFF SITE ROAD WORK	112.0	5,137				5,137
	Phase Group Total	112.0*	5,137*	0*	0*	260,830*	265,967*
	3-001 CONCRETE, GEN.; SUBCONTRACT.	16.0	732			239,709	240,441
	3-104 TRENCH FTG GRADE BM			205			205
	3-303 CONCRETE SLAB 3"			1,317			1,317
	3-334 CONCRETE FLOOR TOPPING					32,680	32,680
	3-470 EXTERIOR SIDEWALK			207		57,709	57,916
	3-720 CONCRETE CUTTING					127,361	127,361
	Phase Group Total	16.0*	732*	1,729*	0*	457,459*	459,920*
	4-200 MASONRY, GENERAL					120,134	120,134
	4-400 STONE						
	Phase Group Total	.0*	0*	0*	0*	120,134*	120,134*
	5-100 STRUCTURAL STEEL			5,880		507,045	512,925
	5-700 ORNAMENTAL METAL					355,041	355,041
	5-715 ORNAMENTAL STAIR					106,360	106,360
	Phase Group Total	.0*	0*	5,880*	0*	968,446*	974,326*
	6-001 CARPENTRY, GENERAL; SUBCONTRA	8,343.0	373,173	5,003	179		378,355
	6-100 CARPENTRY, ROUGH			1,327		68,420	69,747
	6-120 TEMP PARTITIONS, PLYWOOD	48.0	1,942	5,877			7,819
	6-122 TEMP PARTITIONS, VISQUEEN	40.0	1,674	3,299			4,973
	6-300 MILLWORK			3,728			3,728
	6-301 MILLWORK; SUBCONTRACTED			19		207,464	207,483
	6-401 CAULKING; SUBCONTRACTED					1,779	1,779
	6-420 FIRE CAULKING			1,362			1,362
	6-552 FIRE EXTINGUISHER			605			605
	Phase Group Total	8,431.0*	376,790*	21,221*	179*	277,663*	675,852*
	7-150 DAMPPROOFING	8.0	353				353
	7-250 FIREPROOFING	218.0	9,065			92,466	101,531
	7-500 ROOFING					283,213	283,213
	7-700 ROOF SPECIALTIES			639			639
	7-800 ARCHITECTURAL SKYLIGHTS					13,100	13,100
	Phase Group Total	226.0*	9,418*	639*	0*	388,779*	398,836*

Job	Phase	LABOR HOURS	LABOR	MATERIAL	EQUIPMENT	SUBCONTRACTS	TOTAL COSTS
-00-002	<u>UNION STATION MULTIPLEX</u>						
	8-100 METAL DOORS & FRAMES					67,687	67,687
	8-600 FIRE DOORS						
	8-650 SPECIAL WINDOWS					11,400	11,400
	8-800 GLASS & GLAZING					455,568	455,568
	8-900 CUSTOM WALL					121,015	121,015
	Phase Group Total	.0*	0*	0*	0*	655,670*	655,670*
	9-100 DRYWALL	16.0	1,040	1,075		651,422	653,538
	9-116 PERIMTR WDW WL. PART			646			646
	9-132 PART DECK UP TO 16'			2,637			2,637
	9-134 PART DECK ABOVE 17'-24'			500			500
	9-501 ACOUSTICAL TREATMENT; SUBCON					54,285	54,285
	9-511 ACOUSTICAL GRID 2X2 SLIM			2,192			2,192
	9-520 ACST TILE 2 X 4 LAY-IN						
	9-521 ACST TILE 2X2 LAY-IN			1,098			1,098
	9-600 CERAMIC/QUARRY TILE					275,310	275,310
	9-650 RESILIENT TILE					101,813	101,813
	9-680 CARPET					71,175	71,175
	9-800 SPECIAL FLOORING	16.0	725			121,770	122,495
	9-810 SEALER					20,898	20,898
	9-900 PAINTING					176,796	176,796
	9-960 PAINT PRECAST					75,620	75,620
	Phase Group Total	32.0*	1,766*	8,149*	0*	1,549,089*	1,559,003*
	10-100 CHALKBOARDS						
	10-110 DISPLAY EQUIPMENT	190.0	8,317	16,855		63,596	88,768
	10-230 ENTRY MATS					6,951	6,951
	10-301 FIRE EXT. & CABINETS MATERIAL					2,469	2,469
	10-310 CORNER GUARDS					597	597
	10-322 PLANTER LINER					1,016	1,016
	10-500 LOCKERS	32.0	1,394			118,863	120,257
	10-600 TOILET ACCESSORIES					32,319	32,319
	Phase Group Total	222.0*	9,712*	16,855*	0*	225,811*	252,378*
	11-150 LAUNDRY EQUIPMENT					52,880	52,880
	11-480 GYM EQUIPMENT					58,250	58,250
	Phase Group Total	.0*	0*	0*	0*	111,130*	111,130*
	13-152 SWIMMING POOLS & EQUIPMENT					281,485	281,485
	13-153 AQUARIUM					1,998	1,998

Job Phase	LABOR HOURS	LABOR	MATERIAL	EQUIPMENT	SUBCONTRACTS	TOTAL COSTS
<u>1-00-002 UNION STATION MULTIPLEX</u>						
1-005 SUPERINTENDENT	5,034.0	252,886	1,710			254,596
1-006 SUPERINTENDENT EXPENSES	80.0	714	17,928			18,642
1-010 MOBILIZATION			1,055			1,055
1-012 TRAILER RENTAL	112.0	4,580	1,802			6,382
1-042 TELEPHONE			12,626			12,626
1-043 DRINKING WATER			1,765			1,765
1-050 TOILET PORTABLE			4,077			4,077
1-052 EQUIPMENT RENTAL			69,127			69,127
1-054 JOB SIGN			759		3,883	4,642
1-060 SMALL TOOLS			8,074			8,074
1-062 DUMPSTER			1,712			1,712
1-070 PROJ MANAGER AT JOBSITE			1,377			1,377
1-072 PROJ ENGINEER AT JOBSITE			4,816			4,816
1-074 FIELD SECRETARY			21,000			21,000
1-080 BLUEPRINTS			27,309			27,309
1-093 MESSENGER/UPS			6,548			6,548
1-099 MISC			14,349			14,349
1-100 MCSHANE CONSTRUCTION LABOR			775			775
1-102 SAFETY	408.0	16,802	8,144			24,947
1-110 CLEAN-UP SITE	18.0	910	1,137			2,047
1-112 CLEAN-UP BUILDING	85.0	3,327	102			3,429
1-113 FINAL CLEAN UP; SUBCONTRACTOR			4,160			4,160
1-120 LAYOUT			2,050			2,050
1-130 PUMPING	19.5	793				793
1-150 DEMOLITION	1,894.0	83,428	2,022			85,450
1-200 GOVT'L FEES & EXCESS UTILITY			3,825			3,825
1-221 BUILDING PERMIT			47,246			47,246
1-223 REVIEW FEE			2,100			2,100
1-227 TRAFFIC IMPACT FEE			11,725			11,725
1-237 ELECTRIC UTILITY FEE			2,000			2,000
1-400 TESTING			1,220			1,220
1-410 TESTING			2,390			2,390
1-440 CONCRETE			1,348			1,348
1-480 ENVIRONMENTAL			1,670			1,670
1-500 WINTER COST			2,544			2,544
1-540 CARPENTRY	46.0	2,011	294			2,305
1-551 GAS USEAGE			161			161
1-555 EQUIPMENT RENTAL			3,943			3,943
1-610 LIABILITY INSURANCE			84,858			84,858
1-620 BUILDERS RISK			15,196			15,196
1-690 IL SALES TAX			984			984
1-730 CIVIL			270			270
<b>Phase Group Total</b>	<b>7,696.5*</b>	<b>365,450*</b>	<b>396,199*</b>	<b>0*</b>	<b>3,883*</b>	<b>765,532*</b>

Job	Phase	LABOR HOURS	LABOR	MATERIAL	EQUIPMENT	SUBCONTRACTS	TOTAL COSTS
-00-002	<u>UNION STATION MULTIPLEX</u>						
	13-170 SPAS AND HOT TUBS			11,857			11,857
	Phase Group Total	.0*	0*	11,857*	0*	283,483*	295,340*
	14-250 ELECTRIC ELEVATOR					54,720	54,720
	14-400 HANDICAP LIFT					10,721	10,721
	14-800 SCAFFOLDING	42.0	2,182	254		94,546	96,982
	Phase Group Total	42.0*	2,182*	254*	0*	159,987*	162,423*
	15-300 FIRE SPRINKLER					184,680	184,680
	15-400 PLUMBING					446,500	446,500
	15-420 PROCESS PIPING					15,100	15,100
	15-500 HVAC					844,550	844,550
	Phase Group Total	.0*	0*	0*	0*	1,490,830*	1,490,830*
	16-100 ELECTRICAL, GENERAL					885,139	885,139
	16-700 COMMUNICATION					9,875	9,875
	Phase Group Total	.0*	0*	0*	0*	895,014*	895,014*
	JOB 01-00-002 TOTAL	16,777.5*	771,186*	462,784*	179*	7,848,208*	9,082,356*

flects payroll thru 3/20 and A/P invoices thru 3/23

Exhibit

J

EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

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

\_\_\_\_\_, 2001

City of Chicago  
121 North LaSalle Street  
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to U.S. Fitness, LLC, a Delaware limited liability company (the "Developer"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the Canal/Congress 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) U.S. Fitness, LLC 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 the Lease and/or 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 Organization, 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) Operating Agreement, as amended to date, and (iv) records of all member's and manager's meeting's relating to the Project 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 limited liability company duly organized, validly existing and in good standing under the laws of its state of organization, has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign entity under the laws of the State of Illinois.

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 Organization or Operating Agreement or result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of our knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which the Developer is a party or by which the Developer or its properties is bound. To the best of our knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which the Developer is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing, other than liens or security interests in favor of the lender providing Lender Financing (as defined in the Agreement).

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

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

5. Exhibit A attached hereto (a) identifies each class of membership interests of the Developer, (b) sets forth the number of issued and authorized membership interests shares of each such class, and (c) identifies the record owners of membership interests of each class and the number of membership interests 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 membership interests of the Developer.

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 the Lease or 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 States of Illinois and the laws of the State of Delaware regarding limited liability companies.

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

Very truly yours,

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Exhibit

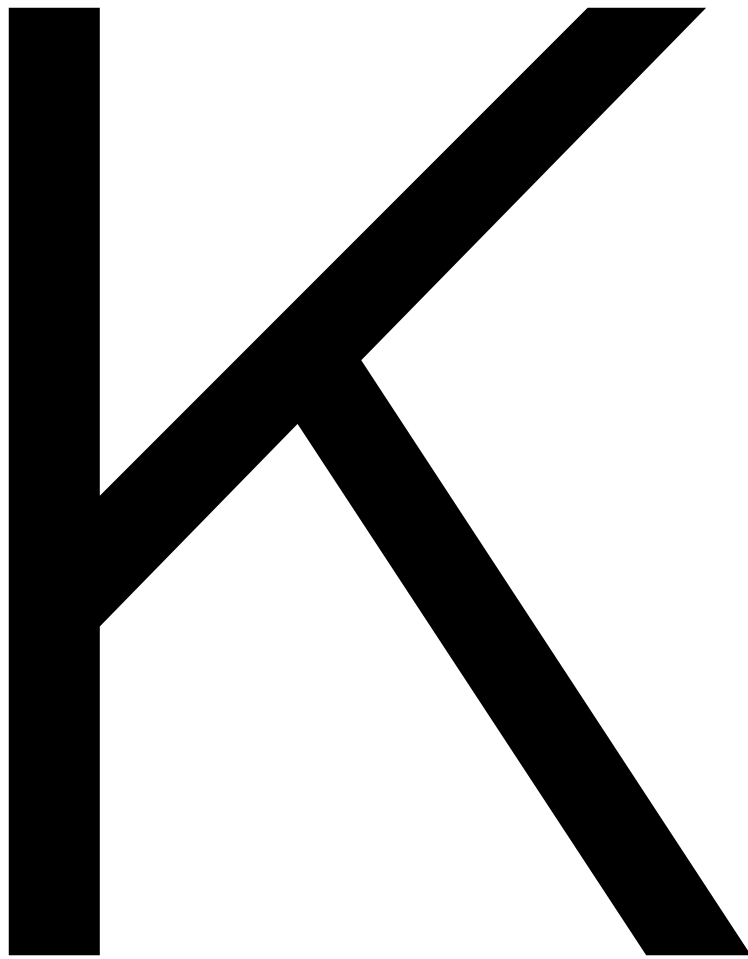


Exhibit K  
TIF Projection

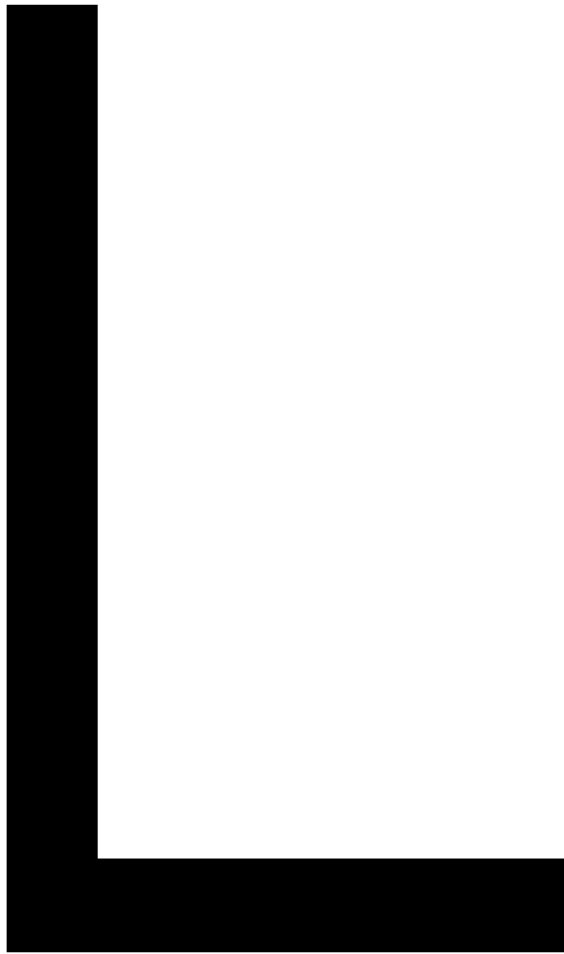
<b>Parcel Number</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
17-16-115-003-6030									
17-16-115-004-6003									
* Total EAV	\$3,130,016	\$3,130,016	3,370,714	3,370,714	3,370,714	3,629,922	3,629,922	3,629,922	3,909,063
1998 Multiplier									
Estimated Multiplier	2.2099	2.2388	2.2682	2.2979	2.3280	2.3585	2.3894	2.4207	2.4524
Total AV	\$1,416,361	\$1,398,047	\$1,486,089	\$1,466,872	\$1,447,905	\$1,539,087	\$1,519,185	\$1,499,541	\$1,593,975

\* The "EAV" is the "Minimum Assessed Value" for each applicable year.

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
\$3,909,063	\$3,909,063	4,209,670	\$4,209,670	\$4,209,670	4,533,394	\$4,533,394	\$4,533,394	4,882,012	\$4,882,012	\$4,882,012
2.4845	2.5171	2.5500	2.5835	2.6173	2.6516	2.6863	2.7215	2.7572	2.7933	2.8299
\$1,573,364	\$1,553,020	\$1,650,821	\$1,629,475	\$1,608,405	\$1,709,694	\$1,687,587	\$1,665,765	\$1,770,667	\$1,747,771	\$1,725,171

Label 272

Exhibit



## **EXHIBIT L**

### **APPROVED USE TYPES**

1. **Personal and group fitness, strength training, sports and athletics training and wellness-related programs and services.**
2. **Organized sports and recreation activities.**
3. **Spa services including, without limitation, facial, massage, manicure, pedicure, hair care and related services and specialty products.**
4. **Boutique stores and pro shops engaged in the retail sale of men's and women's athletic apparel, accessories, over the counter vitamins and supplements, exercise equipment, fitness and casual fashion wear and related seasonal apparel, and commerce services inclusive of a dry cleaning drop off/and pick up station.**
5. **The operation of food and beverage facilities (including liquor sales) for members of the health club, invitees, patients of the medical/clinical services and their guests.**
6. **Sports-type medical/wellness services.**
7. **Alternative medical practices including, without limitation, chiropractic, acupuncture, herbal treatments, and mind/body programs, and such other alternative medical practices.**
8. **Nutrition, fitness and weight management counseling.**
9. **Physical and occupational therapy.**
10. **Health education programs.**
11. **Health screenings.**
12. **Conventional medical and physical rehabilitation practices including, without limitation, evaluative, diagnostic and therapeutic services administered by physicals or other health professionals licensed in the State of Illinois, but excluding "life threatening" practices and procedures.**



Exhibit

**M**

Exhibit M

**FORM OF NOTE**

**REGISTERED MAXIMUM AMOUNT**

**NO. R-1\$2,200,000**

**UNITED STATES OF AMERICA**

**STATE OF ILLINOIS**

**COUNTY OF COOK**

**CITY OF CHICAGO**

**TAX INCREMENT ALLOCATION REVENUE NOTE (THE U.S. FITNESS, LLC  
REDEVELOPMENT PROJECT), TAXABLE SERIES A**

**Registered Owner:U.S. Fitness, LLC**

**Interest Rate: 9% per annum**

**Maturity Date: \_\_\_\_\_, 20\_\_ [twenty years from  
issuance date, but prior to termination of the Redevelopment Area]**

**KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner (as evidenced by the Certificates of Expenditure executed by the City with respect to such amount) to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of \$2,200,000 and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above beginning on the date the initial payment of costs of the Project can be made under Section 4.03(a) of the Redevelopment Agreement. Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Accrued but unpaid interest on this Note shall also accrue at the interest rate per year specified above until paid. Principal of and interest on this Note is payable from the Available Incremental Taxes (as defined in the hereinafter defined Redevelopment Agreement) and is due February 1 of each year until the earlier of maturity or until this Note is paid in full. Payments shall first be applied to interest. The principal of and interest on this Note are payable in lawful money of the United States of America, and shall be made to the Registered Owner hereof**

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

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to \$2,200,000 for the purpose of paying the costs of certain eligible redevelopment project costs incurred by Developer in connection with the rehabilitation and conversion of an approximately 68,000 square foot building (the "Facility") into a state-of-the-art fitness and wellness center (the "Project"), which will be leased by Developer in the Canal/Congress Redevelopment Project Area (the "Project Area") in the City, all in accordance with the Constitution and the laws of the State of Illinois, and particularly the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq.) (the "TIF Act"), the Local Government Debt Reform Act (30 ILCS 350/1 et seq.) and an Ordinance adopted by the City Council of the City on \_\_\_\_\_, 2001 (the "Ordinance"), in all respects as by law required.

The City has assigned and pledged certain rights, title and interest of the City in and to certain incremental ad valorem tax revenues from the Project Area which the City is entitled to receive pursuant to the TIF Act and the Ordinance, in order to pay the principal and interest of this Note. Reference is hereby made to the aforesaid Ordinance and the Redevelopment Agreement for a description, among others, with respect to the determination, custody and application of said revenues, the nature and extent of such security with respect to this Note and the terms and conditions under which this Note is issued and secured. **THIS**

**NOTE IS A SPECIAL LIMITED OBLIGATION OF THE CITY, AND IS PAYABLE SOLELY FROM THE DEVELOPER ACCOUNT (AS DEFINED IN THE ORDINANCE), AND SHALL BE A VALID CLAIM OF THE REGISTERED OWNER HEREOF ONLY AGAINST SAID SOURCES. THIS NOTE SHALL NOT BE DEEMED TO CONSTITUTE AN INDEBTEDNESS OR A LOAN AGAINST THE GENERAL TAXING POWERS OR CREDIT OF THE CITY, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION. THE REGISTERED OWNER OF THIS NOTE SHALL NOT HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE CITY, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF TO PAY THE PRINCIPAL OR INTEREST OF THIS NOTE.** The principal of this Note is subject to redemption on any date, as a whole or in part, at a redemption price of 100% of the principal amount thereof being redeemed. There shall be no prepayment penalty. Notice of any such redemption shall be sent by registered or certified mail not less than five (5) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of this Note at the address shown on the registration books of the City maintained by the Registrar or at such other address as is furnished in writing by such Registered Owner to the Registrar.

This Note is issued in fully registered form in the denomination of its outstanding principal amount. This Note may not be exchanged for a like aggregate principal amount of notes or other denominations.

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

hereof for redemption has been mailed, nor during a period of five (5) days next preceding mailing of a notice of redemption of this Note. Such transfer shall be in accordance with the form at the end of this Note.

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

Pursuant to the Redevelopment Agreement dated as of \_\_\_\_\_, 2001 between the City and the Registered Owner (the "Redevelopment Agreement"), the Registered Owner has agreed to complete the Project and to advance funds for that purpose on behalf of the City. Such cost up to the amount of \$2,200,000 shall be deemed to be a disbursement of the proceeds of this Note.

Pursuant to Sections 8.06 and 15.02 of the Redevelopment Agreement, the City has reserved the right to suspend and/or terminate payments of principal and of interest on this Note upon the occurrence of certain conditions. The City shall not be obligated to make payments under this Note if an Event of Default (as defined in the Redevelopment Agreement), or condition or event that with notice or the passage of time or both would constitute an Event of Default, has occurred. Such rights shall survive any transfer of this Note. The City and the Registrar may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and for all other purposes and neither the City nor the Registrar shall be affected by any notice to the contrary, unless transferred in accordance with the provisions hereof.

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

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

(THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK)

**IN WITNESS WHEREOF**, the City of Chicago, Cook County, Illinois, by its City Council, has caused its official seal to be imprinted by facsimile hereon or hereunto affixed, and has caused this Note to be signed by the duly authorized signature of the Mayor and attested by the duly authorized signature of the City Clerk of the City, all as of \_\_\_\_\_, 2001.

Mayor

(SEAL)  
Attest:

City Clerk

**CERTIFICATE  
OF  
AUTHENTICATION**

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

**This Note is described in the  
within mentioned Ordinance and  
is the Tax Increment Allocation  
Revenue Note (The U.S. Fitness, LLC  
Redevelopment Project), Taxable  
Series A, of the City of  
Chicago, Cook County, Illinois.**

**Comptroller  
Date:**

**PRINCIPAL PAYMENT RECORD**

DATE OF PAYMENT PRINCIPAL PAYMENT PRINCIPAL BALANCE DUE



(ASSIGNMENT)

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

Dated:

Registered Owner

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

Consented to by:

CITY OF CHICAGO  
DEPARTMENT OF PLANNING AND DEVELOPMENT

BY: \_\_\_\_\_

ITS: \_\_\_\_\_

Exhibit

**N**

## EXHIBIT N

### PUBLIC BENEFITS PROGRAM

1. The Developer will improve the existing street scape by providing for new street lighting, sidewalks, planters, and plants;
2. The Developer will provide outdoor seating along the river walk to serve a food and beverage market which will be operated within the facility and available to member and non-member participants;
3. The Developer will host a variety of public health and community programs. Such programs may include:
  - Cooperation with the City of Chicago Department of Aging to offer free classes at this location
  - Make available public health meetings and classes to the general public
  - Provide influenza vaccinations
  - Offer pre-natal classes to non-member participants
  - Offer self defense classes to non-member participants
  - Offer the facility as a public polling location for government elections and other community meetings (such as, for example, CAPS)
  - Make available areas of the facilities at designated times to organizations such as to the local Boys and Girls Clubs of America, Big Brother and Big Sister programs and service organizations such as the Brunch Bunch for supervised swimming, gymnasium, fitness center, court game and similar activities for the benefit of undeserved youth.

Exhibit

P

**CONTRACTOR'S PERFORMANCE & PAYMENT BOND**

***Known All Men by these Presents, That we,***

Principal, hereinafter referred to as Contractor, and

\_\_\_\_\_, Surety  
of the County of Cook and State of Illinois, are held and firmly bound unto the CITY OF CHICAGO  
in the penal sum of

\_\_\_\_\_ lawful money of the United States, for the payment of which sum of money, well and truly to be  
made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and  
severally, firmly by these presents.

***Sealed with our seals and dated this \_\_\_\_\_ day of \_\_\_\_\_ A.D., 20 \_\_\_\_\_***

***The Condition of the Above Obligation is such,*** That whereas the above  
bounden Contractor has entered into a certain contract with *the CITY OF CHICAGO*, bearing date  
the

day of \_\_\_\_\_ A.D., 20 \_\_\_\_\_, for

The said contract is incorporated herein by reference in its entirety, including without limitation, any  
and all indemnification provisions.

Now, if the said Contractor shall in all respects well and truly keep and perform the said  
contract on its part, in accordance with the terms and provisions of all of the Contract Documents  
comprising said contract, and in the time and manner therein prescribed, and further shall save,  
indemnify, and keep harmless the City of Chicago against all loss, damages, claims, liabilities,  
judgments, costs, and expenses which may in anywise accrue against said City of Chicago, in  
consequence of the granting of said contract, or which may in anywise result therefrom, or which  
may result from strict liability, or which may in anywise result from injuries to, or death of, any  
person, or damage to any real or personal property, arising directly or indirectly from or in  
connection with, work performed or to be performed under said contract by said Contractor, its  
Agents, Employees or Workmen, assignees, subcontractors, or anyone else, in any respect whatever,  
or which may result on account of any infringement of any patent by reason of the materials,  
machinery, devices or apparatus used in the performance of said contract, and moreover, shall pay  
to said City any sum or sums of money determined by DPD, and/or by a court of competent  
jurisdiction, to be due said City by reason of any failure or neglect in the performance of the  
requirements of said contract, wherefore DPD shall have elected to suspend or cancel the same, and  
shall pay all claims and demands whatsoever, which may accrue to each and every materialman and  
subcontractor, and to each and every person who shall be employed by the said Contractor or by its  
assignees and subcontractors, in or about the performance of said contract, and with wages paid at  
prevailing wage rates if so required by said contract, and shall insure its liability to pay the  
compensation, and shall pay all claims and demands for compensation which may accrue to each and

every person who shall be employed by them or any of them in or about the performance of said contract, or which shall accrue to the beneficiaries or dependents of any such person, under the provisions of the Workers' Compensation Act, 820 ILCS 305, as amended, and the Workers' Compensation Occupational Disease Act, 820 ILCS 310, as amended (hereinafter referred to as "Acts") then is this obligation to be null and void, otherwise to remain in full force and effect.

And it is hereby expressly understood and agreed, and made a condition hereof, that any judgement rendered against said City in any suit based upon any loss, damages, claims, liabilities, judgements, costs or expenses which may in any wise accrue against said City as a consequence of the granting of said contract, or which may in anywise result therefrom, or which may in anywise result from any injuries to, or death of, any person, or damage to any real or personal property, arising directly or indirectly from, or in connection with, work performed, or to be performed under said contract by said Contractor or its agents, employees or workmen, assignees, subcontractors, or anyone else and also any decision of the Industrial Commission of the State of Illinois, and any order of court based upon such decision, or judgment thereon, rendered against said City of Chicago in any suit or claim arising under the aforementioned Acts when notice of the pendency or arbitration proceedings or suit shall have been given said Contractor, shall be conclusive against each and all parties to this obligation, as to amount, liability and all other things pertaining thereto.

Every person furnishing material or performing labor in the performance of said contract, either as a individual, as a subcontractor, or otherwise, shall have the right to sue on this bond in the name of the City of Chicago for his use and benefit and in such suit said person as plaintiff, shall file a copy of this bond, certified by the party or parties in whose charge this bond shall be, which copy shall be, unless execution thereof be denied under oath, prima facie evidence of the execution and delivery of the original; provided, that nothing in this bond contained shall be taken to make the City of Chicago liable to any subcontractor, materialman, laborer or to any other person to any greater extent than it would have been liable prior to the enactment of the Public Construction Bond Act, 30 ILCS 550, as amended; provided further, that any person having a claim for labor and materials furnished in the performance of this contract shall have no right of action unless he shall have filed a verified notice of such claim with the Clerk of the City of Chicago within 180 days after the date of the last item of work or the furnishing of the last item of materials, and shall have furnished a copy of such verified notice to the contractor within 10 days of the filing of the notice with the City of Chicago. Such claim shall be verified and shall contain the name and address of the claimant, the business address of the claimant within the State of Illinois, if any, or if the claimant be a foreign corporation having no place of business with the State the principal place of business of said corporation, and in all cases of partnership the names and residences of each of the partners, the name of the contractor for the City of Chicago, the name of the person, firm or corporation by whom the claimant was employed or to whom such claimant furnished materials, the amount of the claim and a brief description of the public improvement for the construction or installation of which the contract is to be performed. Provided, further, that no defect in the notice herein provided for shall deprive the claimant of his right of action under the terms and provisions of this bond unless it shall affirmatively appear that such defect has prejudiced the rights of an interested party asserting the same; provided, further, that no action shall be brought until the expiration of one hundred twenty

(120) days after the date of the last item of work or of the furnishing of the last item of material, except in cases where the final settlement between the City of Chicago and the Contractor shall have been made prior to the expiration of the 120 day period in which case action may be taken immediately following such final settlement, and provided, further, that no action of any kind shall be brought later than six (6) months after the acceptance by the City of Chicago of the completion of work. Any suit upon this bond shall be brought only in a circuit court of the State of Illinois in the judicial district in which the contract shall have been performed.

The said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of any of the Contract Documents comprising said contract, or to the work to be performed thereunder, shall in anywise affect the obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of said Contract Documents or to the work.

Approved: \_\_\_\_\_, 20\_\_ \_\_\_\_\_ (Seal)  
\_\_\_\_\_ (Seal)  
\_\_\_\_\_ (Seal)  
\_\_\_\_\_ (Seal)  
\_\_\_\_\_ (Seal)  
\_\_\_\_\_ (Seal)