

Contract Summary Sheet

Contract (PO) Number: 4174

Specification Number: 18996

Name of Contractor: BOARD OF EDUCATION 02

City Department: PLANNING & DEVELOPMENT

Title of Contract: Intergovernmental Agreement with the Chicago Board of Education

Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):
\$52,000,000.00

Brief Description of Work: Intergovernmental Agreement with the Chicago Board of Education

Procurement Services Contact Person: BARBARA SUTTON

Vendor Number: 1066148

Submission Date:

JUN 04 2004

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF CHICAGO, BY AND THROUGH
ITS DEPARTMENT OF PLANNING AND DEVELOPMENT
AND THE BOARD OF EDUCATION OF THE CITY OF CHICAGO
REGARDING THE WILLIAM JONES ACADEMIC HIGH SCHOOL

This Intergovernmental Agreement (the "Agreement") is made and entered into as of the 15th day of January, 2002 by and between the City of Chicago (the "City"), a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, by and through its Department of Planning and Development (the "Department"), and the Board of Education of the City of Chicago (the "Board"), a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois.

RECITALS

WHEREAS, pursuant to the provisions of an act to authorize the creation of public building commissions and to define their rights, powers and duties under the Public Building Commission Act (50 ILCS 20/1 et seq.), the City Council of the City created the Public Building Commission of Chicago (the "Commission") to facilitate the acquisition and construction of public buildings and facilities; and

WHEREAS, the Commission owns in trust for and leases to the Board certain real property, which real property is generally located at 606 South State Street, Chicago, Illinois (the "Existing Property"), which, together with any necessary easements for ingress and egress, is legally described on Exhibit A-1 attached hereto and incorporated herein; and

WHEREAS, the Board wishes to expand a high school on the Existing Property and on adjacent or contiguous real property acquired or to be acquired by the Board or by the Commission to be owned in trust for and leased to the Board (the "New Property"), which, together with any necessary easements for ingress and egress, is (subject to any necessary revision) legally described on Exhibit A-2 attached hereto and incorporated herein (the Existing Property and the New Property shall be referred to herein as the "Property"); and

WHEREAS, the expansion of the high school will require the Board (acting through the Commission) both to construct buildings and related improvements, including a campus park, to house and serve the high school (the "New Facility") on the Property and to rehabilitate the buildings and related improvements housing and serving the high school known as The William Jones Academic High School (the "Existing Facility") on the Property (the Existing Facility and the New Facility shall be referred to herein as the "Facility") (the Facility will have those general features described in Exhibit B attached hereto and incorporated herein) (all such activities referred to herein shall be known as the "Project"); and

WHEREAS, 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 blight conditions through the use of tax increment allocation financing for redevelopment projects; and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on November 28, 1990: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Station Area Redevelopment Tax Increment Financing Project"; "An Ordinance of the City of Chicago, Illinois

Designating the Central Station Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Central Station Area Redevelopment Project" (the aforesaid Ordinances are collectively referred to herein as the "Central Station TIF Ordinances", the Redevelopment Plan approved by the Central Station TIF Ordinances is referred to herein as the "Central Station Redevelopment Plan" and the redevelopment project area created by the Central Station TIF Ordinances, as amended, is referred to herein as the "Central Station Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on August 3, 1994: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Near South Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the Near South Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Near South Redevelopment Project Area" (the aforesaid Ordinances are collectively referred to herein as the "Near South TIF Ordinances", the Redevelopment Plan approved by the Near South TIF Ordinances is referred to herein as the "Near South Redevelopment Plan" and the redevelopment project area created by the Near South TIF Ordinances, as amended, is referred to herein as the "Near South Redevelopment Area"); and

WHEREAS, the Near South TIF Ordinances expanded the Central Station Redevelopment Area into and renamed the Central Station Redevelopment Area as the Near South Redevelopment Area (therefore, the Near South TIF Ordinances include the Central Station TIF Ordinances, the Near South Redevelopment Plan includes the Central Station Redevelopment Plan, and the Near South Redevelopment Area includes the Central Station Redevelopment Area); and

WHEREAS, pursuant to an ordinance adopted by the City Council on November 18, 1998 (the "1999 Near South TIF Bond Ordinance"), the City issued certain Tax Increment Allocation Bonds (Near South Redevelopment Project) \$42,500,000 Series 1999A Bonds and \$7,500,000 Series 1999B Bonds (Taxable) (collectively, the "1999 Bonds") as a means of financing certain Near South Redevelopment Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, the 1999 Bonds are secured by that certain Trust Indenture, dated as of February 1, 1999, as amended by Amendment No. 1 to Trust Indenture, dated as of April 1, 2001, both from the City to Cole Taylor Bank, as Trustee (together, the "Senior Lien Indenture"); and

WHEREAS, pursuant to an ordinance also adopted by the City Council on March 28, 2001 (the "2001 Near South TIF Bond Ordinance"), the City issued certain Junior Lien Tax Increment Allocation Bonds (Near South Redevelopment Project), \$39,011,761.50 Series 2001 A Bonds and \$7,230,000 Series 2001 B Bonds (Taxable) (collectively, the "2001 Bonds") as a means of financing certain Near South Redevelopment Area (and public property adjacent thereto) redevelopment project costs (as defined in the Act) incurred pursuant to the Plan (the 1999 Bonds and the 2001 Bonds shall herein be collectively known as the "Near South TIF Bonds"); and

WHEREAS, the 2001 Bonds are secured by that certain Junior Lien Trust Indenture, dated as of July 1, 2001, as supplemented by First Supplemental Indenture, dated as of July 1, 2001, both from the City to Cole Taylor Bank, as Trustee (together, the "Junior Lien Indenture") (the Senior Lien Indenture and the Junior Lien Indenture shall be known collectively as the "Indenture"); and

WHEREAS, the City obtained a commitment for bond insurance and a bond insurance policy (together, the "Insurance Policy") from ACA Financial Guaranty Corporation relating to the 2001 Bonds; and

WHEREAS, all of the Property either lies wholly within or is contiguous to the boundaries of the Near South Redevelopment Area; and

WHEREAS, under 65 ILCS 5/11-74.4-3(q)(7), such ad valorem taxes which pursuant to the Act have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof ("Increment") may be used to pay 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 (Increment collected from the Near South Redevelopment Area shall be known as the "Near South Increment"); and

WHEREAS, the Board is a taxing district under the Act; and

WHEREAS, pursuant to 65 ILCS 5/11-74.4-4(q), the City can use the Near South Increment for redevelopment project costs as defined by 65 ILCS 5/11-74.4-3(q), including land assembly costs and relocation costs, to the extent that the redevelopment project costs involve public property that is either contiguous to, or separated only by a public right of way from, the Area, whether or not the redevelopment projects costs or the source of payment for the costs are specifically set forth in the Near South Redevelopment Plan; and

WHEREAS, the Near South Redevelopment Plan, a copy of which is attached hereto as Exhibit C, contemplates that tax increment financing assistance would be provided for public improvements within the boundaries of the Near South Redevelopment Area; and

WHEREAS, the City desires to use a portion of both the proceeds of the Near South TIF Bonds and the Near South Increment for the Project on the Property, all of which either lies wholly within or is contiguous to the boundaries of the Near South Redevelopment Area; and

WHEREAS, the City agrees to use a portion of the proceeds of the Near South TIF Bonds in an amount not to exceed \$25,000,000.00 (the "City Bond Funds"), to pay for or reimburse the Board for a portion of the costs of the TIF-Funded Improvements (as defined in Article Three, Section 3 below), pursuant to the terms and conditions of this Agreement; and

WHEREAS, the Board intends to issue certain alternate revenue bonds pursuant to the Local Government Debt Reform Act, 30 ILCS 350/1 et seq. in a maximum principal amount sufficient to generate \$27,000,000 in proceeds (the "Board Bonds"), as a means of financing the costs of the TIF-Funded Improvements; and

WHEREAS, the City agrees to use a portion of the Near South Increment (the "City Increment Funds") to make payments of principal and interest on a tax increment allocation revenue note, in a principal amount not to exceed \$27,000,000.00 (the "City Note"), which will be issued to the Board hereunder, to pay for or reimburse the Board for the costs of the TIF-Funded Improvements (as defined in Article Three,

Section 3 below) (the City Bond Funds and the City Increment Funds shall be collectively known as the "City Funds"); and

WHEREAS, in accordance with the Act, the TIF-Funded Improvements, among other eligible redevelopment project costs under the Act approved by the City pursuant to this Agreement, shall be such of the Board's capital costs necessarily incurred or to be incurred in furtherance of the objectives of the Near South Redevelopment Plan, and the City has found that the TIF-Funded Improvements consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03 (u) of the Act; and

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:

ARTICLE ONE: INCORPORATION OF RECITALS

The recitals set forth above are incorporated herein by reference and made a part hereof.

ARTICLE TWO: THE PROJECT

1. The plans and specifications for the Project shall at a minimum meet the general requirements for the Facility as set forth in Exhibit B hereof and shall be provided to the City by the Board. The Board shall provide the City with plans and specifications for the Existing Facility and the New Facility prior to the disbursement of City Funds relating to such portion of the Project. The Board shall comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto, including but not limited to those summarized on Exhibit D attached hereto and incorporated herein. The Board shall include a certification of such compliance with each request for City Funds hereunder and at the time the Project is completed. The City shall be entitled to rely on this certification without further inquiry. Upon the City's request, the Board shall provide evidence satisfactory to the City of such compliance.

2. In all contracts relating to the Project, the Board agrees to require the contractor to name the City as an additional insured on insurance coverages and to require the contractor to indemnify the City from all claims, damages, demands, losses, suits, actions, judgments and expenses including but not limited to attorney's fees arising out of or resulting from work on the Project by the contractor or contractor's suppliers, employees, or agents. The Board also agrees to name the City as an intended third party beneficiary under the contract(s) so that the City may ensure, in collaboration with the Board, that the work is performed pursuant to the plans and specifications.

ARTICLE THREE: FUNDING

1. (a) On each January 1st, April 1st, July 1st and October 1st (or such other date as the parties may agree to), beginning in 2002 and continuing throughout the earlier of (i) the Term of the Agreement or (ii) the date that the City has paid directly or the Board has been reimbursed in the full amount of the City Bond Funds under this Agreement, the Board shall provide the Department with a Requisition Form, in the

form of Exhibit E hereto, along with: (i) a cost itemization of the applicable portions of the budget attached as Exhibit G hereto; (ii) evidence of the expenditures upon TIF-Funded Improvements for which the Board seeks reimbursement; and (iii) all other documentation described in Exhibit E. Requisition for reimbursement of TIF-Funded Improvements out of the City Bond Funds shall be made not more than four (4) times per year (or as otherwise permitted by the Department). The availability of the City Bond Funds is subject to the City's compliance with all applicable requirements regarding the use of such funds and the timing of such use. The City shall disburse the City Bond Funds to the Board within fifteen (15) days after the City's approval of a Requisition Form. Notwithstanding the foregoing, on the date hereof, the Board shall submit a Requisition Form which relates to costs incurred by the Board with respect to the Project prior to the date hereof to the City and the City shall approve or disapprove, within twenty-one (21) days after submission thereof, said Requisition Form.

The City hereby acknowledges that the Board or the Commission has satisfactory title to the Existing Property and that the City may disburse, as provided in the preceding paragraph, any of the City Bond Funds to the Board for costs incurred relative to the Existing Property and the Existing Facility. The Board shall satisfy, to the reasonable satisfaction of the Commissioner of the Department (the "Commissioner"), prior to the City's disbursement of any of the City Funds to the Board for costs incurred relative to the New Property or the New Facility, that either the Board or the Commission has satisfactory title to the New Property (which may be evidenced by an acceptable title insurance policy), subject only to those title exceptions acceptable to the Commissioner in her reasonable judgement.

(b) Subject to the terms and conditions of this Agreement, including but not limited to this Article Three hereof, the City hereby agrees to issue the City Note, in substantially the form attached hereto as Exhibit F upon issuance of the Board Bonds by the Board. The Board acknowledges that it will not issue the Board Bonds until there exists a contract for the purchase of the New Property which has been executed by both the seller thereof and the Board (or the Commission). The maximum principal amount of the City Note shall not exceed \$27,000,000.00; provided, however, that the maximum principal amount of the City Note shall be an amount not to exceed the Board's eligible redevelopment project costs in connection with the Project; and provided, however, that payments under the City Note are subject to the amount of Near South Increment pledged hereunder, as described in Article Three, Section 1(d) below, being sufficient for such payments. No payment shall be made under the City Note prior to commencement of the portion of the Project relating to the New Property and the New Facility. Furthermore, no Project cost related to the New Property shall be recognized under the City Note until the New Property is acquired by the Board or by the Commission to be held in trust for and leased to the Board. The principal amount of the City Note will be increased from time to time upon the execution of a certificate of expenditure (a "Certificate of Expenditure") by the City. The Board may request that a Certificate of Expenditure be executed quarterly. The City shall not execute Certificates of Expenditure in the aggregate in excess of the actual costs of the Project.

Prior to each execution of a Certificate of Expenditure by the City, the Board shall submit documentation regarding the applicable expenditures to the Department, which documentation shall include substantially the same information required to complete and accompany a Requisition Form. Delivery by the Board to the Department 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:

(i) the total amount of the request for the Certificate of Expenditure represents the actual amount payable to (or paid to) the general contractor, subcontractors, and other parties who have performed work on or otherwise provided goods or services in connection with the Project, and/or their payees;

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

(iii) the Board has approved all work and materials for the current request for a Certificate of Expenditure, and such work and materials conform to the plans and specifications for the Project; and

(iv) the Board is in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto, including but not limited to those summarized on Exhibit D of this Agreement.

The City shall have the right, in its discretion, to require the Board 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 Board.

(c) Payments under the City Note shall be made at such times and in such amounts as are set forth in the City Note, including the Debt Service schedule attached thereto. After the issuance of the Board Bonds but prior to the issuance of the City Note, the Debt Service Schedule shall be finalized by the parties to reflect the actual principal and interests costs associated with the issuance. Further, after completion of the Project, the parties shall, if necessary, by mutual agreement, revise the Debt Service Schedule to reflect the actual costs and timing of completion. The Chief Financial Officer of the City, on behalf of the City, and the Chief Fiscal Officer and General Counsel of the Board, on behalf of the Board, shall have the right to revise the Debt Service Schedule from time to time as agreed by the parties.

The City acknowledges that if, at any time, there are insufficient funds to make a scheduled payment of principal and interest on the City Note (other than the payment on the maturity date of the City Note), then the obligation of the City to pay the deficiency will continue through the maturity date of the City Note, provided that the City will pay the deficiency on the next payment date if sufficient funds are then available. Subject to the terms and conditions of the Indenture and the Insurance Policy, the Board will have a claim for any deficiency not paid as of the maturity date but only upon any available City Increment Funds which should have been received by the City before or as of the maturity date but are not received by the City until after the maturity date.

(d) The City hereby pledges for payment under the City Note the Near South Increment that is deposited from time to time after the date hereof in the General Account, as such term is defined in the Senior Lien Indenture. No payment will be made on the City Note until all scheduled payments on the Near South TIF Bonds have been made, and payments on the City Note will be subject to the availability of Near South Increment in the General Account, subject to all restrictions on and obligations of the City contained in the Indenture and the Insurance Policy. The Near South Increment pledged under this paragraph (including the limitations herein) is referred to as the Pledged Increment.

(e) The City may, during the Term of the Agreement, subordinate payments on the City Note to other obligations of the City to be paid from Near South Increment deposited in the General Account, as long as the Board concurs in such subordination and the City and the Board reasonably agree, based on historical and anticipated Near South Increment, that the payment of the City Note will not be materially adversely affected by such subordination.

(f) If, before the maturity date, the City shall pay or cause to be paid to the Board 100% of the outstanding principal and interest to become due on the City Note, then the covenants, agreements and other obligations of the City to the Board shall be discharged and satisfied. The City shall give the Board thirty (30) days advance written notice of its intent to defease the City Note.

2. The current estimate of the cost of the Project is \$52,500,000. The Board shall deliver to the Commissioner a detailed project budget for the Project, attached hereto and incorporated herein as Exhibit G. The Board certifies that it has identified sources of funds (including the City Funds) sufficient to complete the Project. The Board agrees that the City will only contribute the City Funds to the Project and that all costs of completing the Project over the City Funds shall be the sole responsibility of the Board. If the Board at any point does not have sufficient funds to complete the Project, the Board shall so notify the City in writing, and the Board may narrow the scope of the Project as agreed with the City in order to construct and rehabilitate the Facility with the available funds.

3. Attached as Exhibit H and incorporated herein is a preliminary list of capital improvements, land assembly costs, relocation costs and other costs, if any, recognized by the City as being eligible redevelopment project costs under the Act with respect to the Project, to be paid for out of City Funds ("TIF-Funded Improvements"); and to the extent the TIF-Funded Improvements are included as taxing district capital costs under the Act, the Board acknowledges that the TIF-Funded Improvements are costs for capital improvements and the City acknowledges it has determined that these TIF-Funded Improvements are necessary and directly result from the Near South Redevelopment Plan. Prior to the expenditure of City Funds on the Project, the Commissioner, based upon the detailed project budget, shall make such modifications to Exhibit H as he or she wishes in his or her discretion to account for all of the City Funds to be expended under this Agreement; provided, however, that all TIF-Funded Improvements shall (i) qualify as redevelopment project costs under the Act, (ii) qualify as eligible costs under the Near South Redevelopment Plan; and (iii) be improvements that the Commissioner has agreed to pay for out of City Funds, subject to the terms of this Agreement.

4. If the aggregate cost of the Project is less than the amount of the City Funds contemplated by this Agreement, the Board shall have no claim to the difference between the amount of the City Funds contemplated by this Agreement and the amount of the City Funds actually paid by the City to the Board and expended by the Board on the Project.

To the extent that any City Increment Funds are deposited with the trustee under an indenture securing the Board Bonds, if said trustee returns any excess City Increment Funds to the Board after making all principal and interest payments due in the bond year for which the City Increment Funds were deposited with the trustee, then the Board shall pay such excess City Increment Funds to the City within thirty (30) days of receipt thereof.

5. If requested by the City, the Board shall provide to the City quarterly reports on the progress of the Project and reasonable access to its books and records relating to the Project.

ARTICLE FOUR: TERM

The Term of the Agreement shall commence on the date of its execution and shall expire on the date on which the Near South Redevelopment Area is no longer in effect (through and including December 31, 2014).

ARTICLE FIVE: INDEMNITY; DEFAULT

1. The Board agrees to indemnify, defend and hold the City, its officers, officials, members, employees and agents harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Board's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Board's or any contractor's failure to pay general contractors, subcontractors or materialmen in connection with the Project.

2. The failure of the Board to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Board under this Agreement or any related agreement shall constitute an "Event of Default" by the Board hereunder. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of the City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

In the event the Board shall fail to perform a covenant which the Board 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 Board 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 defaults which are not capable of being cured within such thirty (30) day period, the Board 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.

ARTICLE SIX: CONSENT

Whenever the consent or approval of one or both parties to this Agreement is required hereunder, such consent or approval shall not be unreasonably withheld.

ARTICLE SEVEN: NOTICE

Notice to Board shall be addressed to:

Chief Fiscal Officer
Board of Education of the City of Chicago
125 South Clark Street, 14th Floor
Chicago, Illinois 60603
FAX: (773) 553-2701

and

General Counsel
Board of Education of the City of Chicago
125 South Clark Street, 7th Floor
Chicago, Illinois 60603
FAX: (773) 553-1769

Notice to the City shall be addressed to:

Commissioner
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
FAX: (312) 744-2271

and

Corporation Counsel
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic Development Division
FAX: (312) 744-8538

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

Such addresses may be changed when notice is given to the other party in the same manner as 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 by electronic means. 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, if sent pursuant to subsection (d) shall be deemed received two (2) days following deposit in the mail.

ARTICLE EIGHT: ASSIGNMENT; BINDING EFFECT

This Agreement, or any portion thereof, shall not be assigned by either party without the prior written consent of the other.

This Agreement shall inure to the benefit of and shall be binding upon the City, the Board and their respective successors and permitted assigns. This Agreement is intended to be and is for the sole and exclusive benefit of the parties hereto and such successors and permitted assigns.

ARTICLE NINE: MODIFICATION

This Agreement may not be altered, modified or amended except by written instrument signed by all of the parties hereto.

ARTICLE TEN: COMPLIANCE WITH LAWS

The parties hereto shall comply with all federal, state and municipal laws, ordinances, rules and regulations relating to this Agreement.

ARTICLE ELEVEN: GOVERNING LAW AND SEVERABILITY

This Agreement shall be governed by the laws of the State of Illinois. If any provision of this Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, ordinance, rule of law or public policy, or for any reason, such circumstance shall not have the effect of rendering any other provision or provisions contained herein invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Agreement shall not affect the remaining portions of this Agreement or any part hereof.

ARTICLE TWELVE: COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original.

ARTICLE THIRTEEN: ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties.

ARTICLE FOURTEEN: AUTHORITY

Execution of this Agreement by the City is authorized by an ordinance passed by the City Council of the City on October 31, 2001. Execution of this Agreement by the Board is authorized by Board Resolution 01-0725-RS2. The parties represent and warrant to each other that they have the authority to enter into this Agreement and perform their obligations hereunder.

ARTICLE FIFTEEN: HEADINGS

The headings and titles of this Agreement are for convenience only and shall not influence the construction or interpretation of this Agreement.

ARTICLE SIXTEEN: DISCLAIMER OF RELATIONSHIP

Nothing contained in this Agreement, nor any act of the City or the Board shall be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City and the Board.

ARTICLE SEVENTEEN: CONSTRUCTION OF WORDS

The use of the singular form of any word herein shall also include the plural, and vice versa. The use of the neuter form of any word herein shall also include the masculine and feminine forms, the masculine form shall include feminine and neuter, and the feminine form shall include masculine and neuter.

ARTICLE EIGHTEEN: NO PERSONAL LIABILITY

No officer, member, official, employee or agent of the City or the Board shall be individually or personally liable in connection with this Agreement.

ARTICLE NINETEEN: REPRESENTATIVES

Immediately upon execution of this Agreement, the following individuals will represent the parties as a primary contact in all matters under this Agreement.

For the Board: Board of Education of the City of Chicago
125 South Clark Street
Chicago, Illinois 60603
Attn.: Chief Fiscal Officer
Phone: 773-553-2700
Fax: 773-553-2701

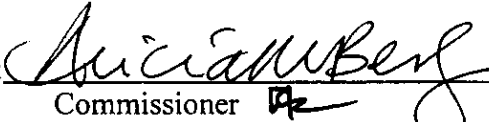

For the City: City of Chicago, Department of Planning & Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attn.: Robert Kunze
Phone: 312-744-0051
Fax: 312-744-7996

Each party agrees to promptly notify the other party of any change in its designated representative, which notice shall include the name, address, telephone number and fax number of the representative for such party for the purpose hereof.


[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed and delivered as of the date first above written.

CITY OF CHICAGO, ILLINOIS, by and through the
Department of Planning and Development

By: 
Commissioner 
Department of Planning and Development

THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO

By: 
President

Attest: By: 
Secretary

Board Resolution No.: 01-0725-RS2

Approved as to legal form:

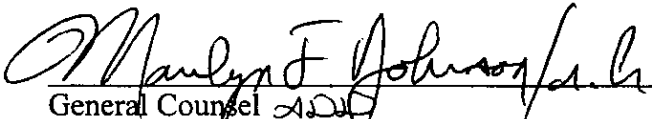


General Counsel 

EXHIBIT A-1

THE EXISTING PROPERTY

Commonly Known As: 606 South State Street, Chicago, Illinois 60605

Legal Description:

Existing School Property

Lots 1 to 13, both inclusive, and Lots 26 to 32, both inclusive, in Block 136 in the School Section Addition to Chicago in the southeast quarter of Section 16, Township 39 north, Range 14, east of the Third Principal Meridian, in Cook County, Illinois, and vacated north-south alley

17-16-408-001

17-16-408-033

EXHIBIT A-2

THE NEW PROPERTY

Acquired Addition Property

Lots 6 & 7 of the Wallis & Butler's Subdivision of Block 135 of the School Section Addition to Chicago of the east ½ of the southeast ¼ Section 16, Township 39 north, Range 14, east of the Third Principal Meridian, in Cook County, Illinois

17-16-408-027

Lots 1 to 8, both inclusive, in the Subdivision of Lots 12, 13, 18 & 19 (except the alley) in Block 135 of the School Section Addition to Chicago of the east ½ of the southeast ¼ Section 16, Township 39 north, Range 14, east of the Third Principal Meridian, in Cook County, Illinois

17-16-408-028

17-16-408-029

17-16-408-030

17-16-408-031

To Be Acquired Addition Property

Lots 9 & 10 in the Subdivision of Lots 12, 13, 18 & 19 (except the alley) in Block 135 of the School Section Addition to Chicago of the east ½ of the southeast ¼ Section 16, Township 39 north, Range 14, east of the Third Principal Meridian, in Cook County, Illinois

17-16-408-032

Lots 14, 15 & 16 in the Subdivision of Blocks 126 & 136, and Lot 1 in the Subdivision of Lot 135, of the School Section Addition to Chicago of the east ½ of the southeast ¼ of Section 16, Township 39 north, Range 14, east of the Third Principal Meridian, in Cook County, Illinois

17-16-408-023

17-16-408-024

17-16-408-025

17-16-408-026

Acquired Jones School Campus Park Property

The south 1 foot of Lot 5 and all of Lot 8 in C.L. & I. Harmon's Subdivision of Block 137 of the School Section Addition to Chicago, of the east ½ of the northeast ¼ of Section 16, Township 39 north, Range 14, east of the Third Principal Meridian, in Cook County, Illinois

17-16-247-047

Lot 7 in C.L. & I. Harmon's Subdivision of Block 137 of the School Section Addition to Chicago, of the east ½ of the northeast ¼ of Section 16, Township 39 north, Range 14, east of the Third Principal Meridian, in Cook County, Illinois

17-16-247-051

EXHIBIT B

FEATURES OF THE FACILITY

Address: 606 South State Street

Project Description:

The Jones Academic College Preparatory project will result in a state of the art, full service high school facility.

The renovation portion of the project includes a full gut rehabilitation of the existing Jones facility, with fully 27 renovated classroom space (including 4 computer labs), five new science laboratories, and administrative suites. The school will be fully wired for technology.

The Jones expansion extends the school to the south of the present campus, making Jones a full service high school. The expansion includes additional classroom space for a college preparatory program, a competition gymnasium, competition swimming pool, weight and fitness center, library with a technology resource center, expanded arts program, and an auditorium with seating capacity of about 400.

Capacity: Student capacity will be approximately 800 students.

C

TIF

Plan

EXHIBIT C

NEAR SOUTH REDEVELOPMENT PLAN

(See Attached)



**NEAR SOUTH
REDEVELOPMENT PROJECT AREA**

**TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

**CITY OF CHICAGO
Richard M. Daley, Mayor**

May 1994

**Prepared by:
Trkla, Penigrew, Allen & Payne**

NEAR SOUTH

**TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

**(FORMERLY REFERRED TO AS
AMENDED CENTRAL STATION AREA
TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AND PLAN)**

**CITY OF CHICAGO
Richard M. Daley, Mayor**

May 24, 1994

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1 INTRODUCTION

Chicago's future and its continuing role as a world class city depends on its ability to build upon its strong assets while overcoming the threats and/or concerns relating to its future stability. Among Chicago's assets are: its beautiful lakefront setting; its magnificent system of parks, including Grant and Burnham parks; its viable business center; its many institutions, museums, universities and art galleries; the North Michigan Avenue shopping facilities; McCormick Place and Navy Pier; and its extensive neighborhood and community based cultural and economic organizations.

There are real problems which threaten Chicago. These problems include, but are not limited to, a pattern of out-migration by both major and minor corporations to the suburbs and to other states; a loss of convention business to other cities and other countries; the perception of a high incidence of crime; imbalances in public transportation services within the greater central area which continues to expand outward from the historic "Loop" business district; aging infrastructure; and the need to revitalize deteriorating, underutilized and undeveloped areas of the City.

The City of Chicago, working with the State of Illinois, has initiated bold steps in an effort to overcome some of the aforementioned problems, including programs to improve Chicago's educational system so students will be able to find meaningful employment after graduation. Within the greater central area additional steps have been taken, including the creation of the Metropolitan Pier and Exposition Authority, with Navy Pier improvements and an active effort directed toward expansion of the McCormick Place complex. Additional funding is being pursued by the City for planning and design of the Central Area Transit Circulator system (light rail transit system) to improve internal distribution and travel movements. A major redesign of the State Street Mall is planned, which, in conjunction with the new Harold Washington Library and other private developments along State Street will help revitalize this area.

Although the downtown and north and west sides of the central area have experienced dynamic new growth in office, hotel, entertainment and residential development, the Near South area generally south of Roosevelt Road and east of Michigan Avenue continues to decline. The Near South section of the greater central area is in significant need of revitalization and redevelopment. Recent studies have verified that the majority of the properties from 12th Street to 16th Street, and from Michigan Avenue to Indiana Avenue are characterized by deterioration and obsolescence and the area east of Indiana Avenue contains abandoned railroad yards which remain undeveloped.

The City of Chicago has long been aware of the redevelopment potential of the entire area. In 1919, the City Council adopted an ordinance which mandated the implementation of Daniel Burnham's 1909 plan for the area. More recent planning efforts which singled out the near south area include the

1972 Lakefront Plan and the 1973 Chicago 21 Plan. The plans put forth recommendations for the near south similar to those proposed in this redevelopment plan such as the extension of Roosevelt Road and various public transit improvements. In 1986, the Department of Planning prepared a special Near South Development Plan. The plan recognized the unique assets of the area and its potential to link the lakeshore and museum campus with a revitalized Near South neighborhood. The plan recommended roadway extensions at Roosevelt Road, 16th Street, and McFetridge Avenue.

In general, the plan called for business development which would create jobs in the area, residential development to stabilize the area and cultural and recreational improvements as well.

However, despite the existence of such ordinances and plans, the Central Station Area Redevelopment Project Area (hereinafter designated and defined as the "Redevelopment Project Area") has historically 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, including the adoption of this Tax Increment Financing Redevelopment Project and Plan and the substantial investment of public funds. Historically, private investment has not occurred to any major extent in the south loop area except in those areas in which the City has made a substantial investment of public funds.

The City now has a very real opportunity to serve as a catalyst for the development of the Redevelopment Project Area, and has already begun taking steps in that direction. On March 1, 1990, the Chicago Plan Commission approved the Central Station Guidelines for Development (the "Central Station Guidelines") for an aggressive and comprehensive development of mostly vacant land located generally within the eastern portion of the Redevelopment Project Area. On April 6, 1990, the City Council approved the Central Station Planned Development Amendment to the Chicago Zoning Ordinance (the "Central Station Plan of Development") for parts of the land covered by the Guidelines. With the City's assistance and guidance, development of this portion of the Redevelopment Project Area will open the lakeshore to previously isolated neighborhoods, and will spearhead increased housing and business opportunities not only in the Redevelopment Project Area, but also within the near south loop area as a whole. The City must take an additional step to accomplish its development goals for the Redevelopment Project Area -- the City must adopt Tax Increment Financing to attract the private investment that is needed within the Redevelopment Project Area.

Tax Increment Financing

In January, 1977, tax increment financing ("TIF") was made possible by the Illinois General Assembly through passage of the *Tax Increment Allocation Redevelopment Act* (hereinafter referred to as the "Act.") The Act is found in Illinois Revised Statutes, Chapter 24, Section 11-74.4-1 et seq. as amended. 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 public redevelopment costs with incremental real estate tax revenues. Incremental real estate tax revenue ("tax increment revenue") is derived from the increase in the equalized assessed valuation ("EAV") of real property within the TIF redevelopment area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate which results

in tax increment revenue. A decline in current EAV does not result in a negative real estate tax increment.

To finance redevelopment costs a municipality may issue obligations secured by the anticipated tax increment revenue generated within the redevelopment 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 revenues by increasing tax rates; it generates revenues by allowing the municipality to capture, temporarily, new tax revenues resulting from redevelopment. Further, under tax increment financing, all taxing districts continue to receive the tax revenue they received prior to redevelopment from property in the area. Moreover, taxing districts can receive distributions of excess increment when more tax increment revenue is received than is necessary to pay for expected redevelopment project costs and principal and interest obligations issued to pay such costs. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

The Central Station Area Tax Increment Redevelopment Plan and Project

This Central Station Area Tax Increment Redevelopment Plan and Project (hereinafter referred to as the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private actions in the Redevelopment Project Area.

This Redevelopment Plan also specifically describes the Redevelopment Project Area and sets forth the blighting factors which qualify the Redevelopment Project Area for designation as a blighted area as defined in the Act.

In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. The "Redevelopment Project" as used herein means any development project which may, from time to time, be undertaken to accomplish the objectives of the Redevelopment Plan.

The Redevelopment Project represents one of the most important economic opportunities available for the City of Chicago. By creating an environment for private development, Chicago will strengthen its tax base and establish an atmosphere that creates and retains jobs and a real alternative for companies that might otherwise move to the suburbs or out of state. At the same time, the long-standing objective to complete a southern edge to Grant Park can be accomplished. The museum campus area can be connected to the central business district and other areas of the City through suitable improvements to traffic patterns and the transportation system that serves these facilities and areas.

For the first time, direct linkage between the lakefront and the area south of Roosevelt Road can be planned and provided. The extraordinarily important McCormick Place facility can be expanded and integrated into the downtown area. The Redevelopment Project Area provides the vital connection for the museum campus and McCormick Place with the rest of the city.

The goal of the City of Chicago, however, is to ensure that the entire Redevelopment Project Area be redeveloped on a comprehensive and planned development basis in order to ensure that new development occurs:

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

Redevelopment of the Redevelopment Project Area is one of the largest of its kind in the United States, and it presents challenges and opportunities commensurate with its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. The adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for the redevelopment of the Redevelopment Project Area. By means of public investment, the area will become a stable environment that will again attract private investment. Public investment will set the stage for the rebuilding of the area with private capital.

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

Amendment - April 1994

Section 1, *Introduction*, is amended to include the following additional statements:

During the process of implementing the Central Station Area Redevelopment Project and Plan (the "Original Redevelopment Project and Plan"), it has become evident that changes in the boundaries of the Redevelopment Project Area (the "Original Redevelopment Project Area"), and in the development program are necessary in order to facilitate achievement of the purpose and objectives of the Original Redevelopment Project and Plan as adopted on November 28, 1990. The area to be added to the original Redevelopment Project Area is referred to as the "Amended Area" and is

generally bounded by Congress Parkway on the north; Michigan Avenue, Indiana Avenue and Calumet Avenue on the east; the Michigan-Cermak Redevelopment Tax Increment Financing Project on the south; and State Street on the west. The "Original Redevelopment Project area" together with the "Amended Area" is renamed and hereinafter referred to as the "Near South Redevelopment Project Area." The Near South Redevelopment Project Area is geographically illustrated in Figure, 1, *Boundary Map*.

The Amended Area consists of approximately 248.4 acres, encompassing thirty-eight full and partial city blocks, and various street and alley rights-of-way. This area contains vacant land, vacant and deteriorating buildings, numerous older and obsolete commercial and industrial buildings, underutilized sites and streets, sidewalks and alleys in a deteriorating condition.

This Amended Area is found to be eligible for designation as a "Blighted Area" pursuant to the definition contained within the *Tax Increment Allocation Redevelopment Act* of the State of Illinois, as supplemented and amended from time to time (the "Act"), to overcome conditions of blight and obsolescence and to improve the economic and physical well-being of the City.

The Amended Area initially developed without the benefit or guidance of overall community planning. The inclusion of the Amended Area is necessary to stimulate redevelopment of certain properties as well as make certain public infrastructure improvements to create and sustain a positive environment for private investment, thereby preventing the decline of properties within this area which may impair the growth of the tax base of taxing districts having taxing jurisdiction over the Amended Area.

The addition of the Amended Area to the Redevelopment Project Area will permit improved coordination of redevelopment/revitalization projects and related public infrastructure improvements for all projects within the Redevelopment Project Area. The Amended Area is physically and functionally related to other properties within the Redevelopment Project Area and will be substantially benefitted by the redevelopment project actions and improvements. The Amended Area functions as part of the greater Central Station Area which is included in the Original Redevelopment Project Area.

Timely and coordinated public and private investment within the Amended Area will be possible only if tax increment financing is adopted pursuant to the Act. The Amended Area includes only those contiguous parcels of real property and improvements thereon substantially benefitted by the Redevelopment Project.

Figure 1, *Project Boundary Map*, is revised to include the amended area.

REDEVELOPMENT PROJECT AREA DESCRIPTION

The boundaries of the Near South Redevelopment Project Area (hereinafter referred to as the "Redevelopment Project Area") have been carefully drawn to include only those contiguous parcels of real property and improvements thereon substantially benefitted by the proposed redevelopment project improvements to be undertaken as part of this Redevelopment Plan. The boundaries are more specifically shown in Figure 1, *Boundary Map*, and more particularly described as follows:

THOSE PARTS OF THE SOUTHWEST QUARTER OF FRACTIONAL SECTION 15, THE NORTHWEST QUARTER OF FRACTIONAL SECTION 22 AND THE EAST HALF OF THE SOUTHWEST FRACTIONAL QUARTER OF SAID SECTION 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING ON THE WEST LINE OF S. MICHIGAN AVENUE, AT THE INTERSECTION OF SAID LINE WITH THE NORTH LINE OF E. 11TH STREET, AND RUNNING

THENCE EAST ALONG THE EASTWARD EXTENSION OF THE SAID NORTH LINE OF E. 11TH STREET, TO THE EASTERLY RIGHT-OF-WAY LINE OF S. COLUMBUS DRIVE;

THENCE SOUTHWARDLY, ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE AFORESAID NORTH LINE OF E. ROOSEVELT ROAD;

THENCE EAST ALONG SAID EASTWARD EXTENSION OF ROOSEVELT ROAD TO THE EASTERLY RIGHT-OF-WAY LINE OF THE SOUTH BOUND LANES OF SOUTH LAKE SHORE DRIVE;

THENCE SOUTHWESTWARDLY, SOUTHWARDLY AND SOUTHEASTWARDLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF SAID SOUTH BOUND LANES TO AN INTERSECTION WITH THE EASTWARDLY EXTENSION OF A LINE WHICH IS 1500 FEET NORTHERLY FROM AND PARALLEL WITH THE NORTHERLY LINE OF THE E. 23RD STREET VIADUCT STRUCTURE;

THENCE WESTWARDLY ALONG SAID LINE WHICH IS 1500 FEET NORTHERLY FROM AND PARALLEL WITH THE NORTHERLY LINE OF SAID 23RD STREET

VIADUCT, TO THE WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

THENCE NORTHWARDLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE A DISTANCE OF 1625 FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF LOT 1 IN E. L. SHERMAN'S SUBDIVISION OF LOTS 4, 5 AND 6 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, IN THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 22, AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT 1, AND ALONG SAID NORTH LINE EXTENDED WEST A DISTANCE OF 186 FEET, MORE OR LESS, TO THE WEST LINE OF S. PRAIRIE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. PRAIRIE AVENUE A DISTANCE OF 84 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER OF LOT 5 IN ASSESSOR'S DIVISION OF LOTS 1, 2 AND 3 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 5 A DISTANCE OF 177 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH A LINE WHICH IS THE EAST LINE OF A 20 FOOT WIDE ALLEY;

THENCE NORTH ALONG SAID EAST LINE OF THE 20 FOOT WIDE ALLEY A DISTANCE OF 92 FEET, MORE OR LESS, TO THE SOUTH LINE OF E. 16TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF E. 16TH STREET, A DISTANCE OF 263.00 FEET, MORE OR LESS, TO THE WEST LINE OF S. INDIANA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. INDIANA AVENUE, A DISTANCE OF 1407.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF E. 14TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF E. 14TH STREET, A DISTANCE OF 441.00 FEET, MORE OR LESS, TO THE WEST LINE OF S. MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. MICHIGAN AVENUE, A DISTANCE OF 1955.00 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Amendment - April 1994

Section 2, *Redevelopment Project Area Description*, is amended to include the following legal description of the Amended Area:

A TRACT OF LAND COMPRISED OF A PART OF EACH OF SECTIONS 15,16,21 AND 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL

MERIDIAN IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS WHICH TRACT OF LAND IS BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SOUTH MICHIGAN AVENUE WITH THE NORTH LINE OF EAST 11TH STREET BEING ALSO THE SOUTHEAST CORNER OF BLOCK 20 IN THE FRACTIONAL SECTION 15 ADDITION TO CHICAGO AND RUNNING

THENCE EAST ALONG THE EASTWARD EXTENSION OF SAID NORTH LINE OF EAST 11TH STREET A DISTANCE OF 130.00 FEET, MORE OR LESS TO THE EAST LINE OF SOUTH MICHIGAN AVENUE AS IMPROVED AND OCCUPIED;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH MICHIGAN AVENUE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF EAST 8TH STREET:

THENCE WEST ALONG SAID EASTWARD EXTENSION AND ALONG THE NORTH LINE OF EAST 8TH STREET TO AN INTERSECTION WITH THE EAST LINE OF SOUTH WABASH AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO AN INTERSECTION WITH THE SOUTH LINE OF EAST BALBO STREET;

THENCE EAST ALONG SAID SOUTH LINE OF EAST BALBO STREET AND ALONG THE EASTWARD EXTENSION THEREOF TO AN INTERSECTION WITH SAID EAST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE AND ALONG THE NORTHWARD EXTENSION OF SAID EAST LINE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF EAST CONGRESS PARKWAY;

THENCE WEST ALONG SAID EASTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID EAST CONGRESS PARKWAY TO THE INTERSECTION WITH THE EAST LINE OF SOUTH STATE STREET;

THENCE WEST ALONG A STRAIGHT LINE TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET AND THE NORTH LINE OF WEST CONGRESS PARKWAY;

THENCE WEST ALONG THE NORTH LINE OF WEST CONGRESS PARKWAY TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF SOUTH PLYMOUTH COURT;

THENCE SOUTH ALONG SAID NORTHWARD EXTENSION AND ALONG THE WEST LINE OF SOUTH PLYMOUTH COURT TO AN INTERSECTION WITH THE WESTWARD

EXTENSION OF THE SOUTH LINE OF LOT 8 IN C.L. & I. HARMON'S SUBDIVISION OF BLOCK 137 OF SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, AFORESAID;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE SOUTH LINE OF SAID LOT 8 TO AN INTERSECTION WITH THE WEST LINE OF THE PUBLIC ALLEY, 12 FEET WIDE AS OPENED BY THE CITY COUNCIL PROCEEDINGS IN SAID BLOCK 137;

THENCE SOUTH ALONG THE WEST LINE OF SAID PUBLIC ALLEY AND THE SOUTHWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE SOUTH LINE OF WEST HARRISON STREET;

THENCE EAST ALONG THE SOUTH LINE OF THE WEST HARRISON STREET TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET, SAID INTERSECTION BEING ALSO THE NORTHEAST CORNER OF LOT 1 IN THE SUBDIVISION OF BLOCK 136 OF SAID SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16;

THENCE SOUTH ALONG SAID WEST LINE OF SOUTH STATE STREET TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF SUBLOT 2 OF LOT 3 IN BLOCK 15 IN CANAL TRUSTEES SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID SOUTH LINE OF SUBLOT 2 TO AN INTERSECTION WITH THE WEST LINE OF THE STRIP OF LAND, 30 FEET WIDE, WHICH RUNS NORTH AND SOUTH THROUGH SAID BLOCK 15;

THENCE SOUTH ALONG SAID WEST LINE OF THE STRIP OF LAND, 30 FEET WIDE, TO AN INTERSECTION WITH THE NORTH LINE OF EAST 8TH STREET;

THENCE WEST ALONG THE NORTH LINE OF EAST 8TH STREET AND ALONG THE WESTWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET;

THENCE SOUTH ALONG THE WEST LINE OF SOUTH STATE STREET TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF EAST 21ST STREET;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID SOUTH LINE OF EAST 21ST STREET TO THE NORTHWEST CORNER OF LOT 1 IN BLOCK 28 IN CURLEY'S SUBDIVISION OF BLOCK 28 OF THE ASSESSOR'S DIVISION OF THE SOUTHWEST FRACTIONAL QUARTER OF SAID SECTION 22;

THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 1 AND THE WEST LINE OF LOT 2 IN SAID BLOCK 28 IN CURLEY'S SUBDIVISION TO THE NORTHWEST CORNER OF THE SOUTH 25 FEET OF SAID LOT 2;

THENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 25 FEET OF LOT 2 TO THE EAST LINE OF SOUTH WABASH AVENUE (SAID EAST LINE OF SOUTH WABASH AVENUE BEING THE WEST LINE OF BLOCK 27 IN CURLEY'S SUBDIVISION AFORESAID);

THENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO THE NORTH LINE OF THE SOUTH 30 FEET OF LOT 19 IN SAID BLOCK 27;

THENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 30 FEET OF LOT 19 TO THE CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 12 FEET WIDE, LYING EAST OF AND ADJOINING SAID LOT 19;

THENCE SOUTH ALONG SAID NORTH AND SOUTH CENTERLINE TO THE CENTERLINE EXTENDED WEST OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID CENTERLINE OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY, AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE WEST LINE OF LOT 5 IN SAID BLOCK 27;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 5 TO THE NORTHWEST CORNER OF LOT 6 IN SAID BLOCK 27;

THENCE EAST ALONG THE NORTH LINE OF LOT 6 IN SAID BLOCK 27 AND ALONG SAID NORTH LINE EXTENDED EAST TO THE EAST LINE OF SOUTH MICHIGAN AVENUE (SAID EAST LINE OF SOUTH MICHIGAN AVENUE BEING ALSO THE WEST LINE OF BLOCK 26 IN SAID CURLEY'S SUBDIVISION);

THENCE SOUTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE TO THE NORTH LINE OF THE SOUTH 25 FEET OF LOT 12 IN SAID BLOCK 26;

THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF THE SOUTH 25 FEET OF LOT 12 TO THE CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 18 FEET WIDE IN SAID BLOCK 26;

THENCE NORTH ALONG SAID CENTERLINE TO THE WESTWARD EXTENSION OF THE NORTH LINE OF LOT 3 IN SAID BLOCK 26;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID LOT 3 AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE EAST LINE OF SOUTH INDIANA AVENUE (SAID EAST LINE OF SOUTH

INDIANA AVENUE BEING ALSO THE WEST LINE OF BLOCK 25 IN SAID CURLEY'S SUBDIVISION);

THENCE NORTH ALONG SAID EAST LINE OF SOUTH INDIANA TO THE NORTH LINE OF THE SOUTH 10 FEET OF LOT 17 IN BLOCK 25 IN SAID CURLEY'S SUBDIVISION;

THENCE EAST ALONG SAID NORTH LINE OF THE SOUTH 10 FEET OF LOT 17 AND ALONG THE EASTWARD EXTENSION THEREOF TO THE EAST LINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 18 FEET WIDE IN SAID BLOCK 25;

THENCE SOUTH ALONG SAID EAST LINE TO THE NORTH LINE OF THE SOUTH 24.8 FEET OF LOT 3 IN SAID BLOCK 25;

THENCE EAST ALONG SAID NORTH LINE OF THE SOUTH 24.8 FEET OF LOT 3 AND ALONG THE EASTWARD EXTENSION THEREOF TO THE EAST LINE OF SOUTH PRAIRIE AVENUE (SAID EAST LINE OF SOUTH PRAIRIE AVENUE BEING THE WEST LINE OF BLOCK 24 IN CURLEY'S SUBDIVISION, AFORESAID;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH PRAIRIE AVENUE TO THE SOUTH LINE OF EAST 21ST STREET;

THENCE EAST ALONG THE SOUTH LINE OF EAST 21ST STREET AND ALONG THE EASTWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE EAST LINE OF SOUTH CALUMET AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH CALUMET AVENUE TO AN INTERSECTION WITH THE ORIGINAL WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

THENCE NORTHWARDLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF LOT 1 IN E.L. SHERMAN'S SUBDIVISION OF LOTS 4,5 AND 6 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, IN THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 22, AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT 1, AND ALONG SAID NORTH LINE EXTENDED WEST, A DISTANCE OF 186.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH PRAIRIE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH PRAIRIE AVENUE, A DISTANCE OF 84.00 FEET MORE OR LESS, TO THE SOUTHEAST CORNER OF LOT 5 IN ASSESSOR'S DIVISION OF LOTS 1,2 AND 3 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 5 A DISTANCE OF 177 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH A LINE WHICH IS THE EAST LINE OF A 20.00 FOOT WIDE ALLEY;

THENCE NORTH ALONG SAID EAST LINE OF SAID ALLEY, A DISTANCE OF 92.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 16TH STREET;

THENCE WEST ALONG THE SOUTH LINE OF EAST 16TH STREET, A DISTANCE OF 263.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH INDIANA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH INDIANA AVENUE, A DISTANCE OF 1407.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 14TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF EAST 14TH STREET, A DISTANCE OF 441.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH MICHIGAN AVENUE A DISTANCE OF 1459.00 FEET, MORE OR LESS, TO AN INTERSECTION WITH THE NORTH LINE OF THE SOUTH 10.00 FEET OF SUBLOT 1 OF LOT 12 IN BLOCK 21 IN CANAL TRUSTEE'S SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE WEST ALONG SAID NORTH LINE OF THE SOUTH 10.00 FEET OF SUBLOT 1, A DISTANCE OF 171.00 FEET, MORE OR LESS, TO THE EAST LINE OF THE PUBLIC ALLEY, 20.00 FEET WIDE, IN SAID BLOCK 21;

THENCE NORTH ALONG SAID EAST LINE, A DISTANCE OF 350.00 FEET, MORE OR LESS TO THE SOUTH LINE OF ORIGINAL LOT 1 IN BLOCK 21 IN THE FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE EAST ALONG SAID SOUTH LINE, A DISTANCE OF 171.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE AND THE NORTHWARD EXTENSION THEREOF, A DISTANCE OF 146.00 FEET MORE OR LESS, TO THE POINT OF BEGINNING.

REDEVELOPMENT PROJECT AREA GOALS AND POLICIES

Managed growth in the form of investment in new development and facilities is essential in the Redevelopment Project Area. Redevelopment efforts in the Redevelopment Project Area will strengthen the entire City through environmental improvements, increased tax base and additional employment opportunities.

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

This section of the Redevelopment Plan identifies the goals and policies of the City for the Redevelopment Project Area. A later section of this Redevelopment Plan identifies the more specific program which the City plans to undertake in achieving the redevelopment goals and policies which have been identified.

General Goals

- Provide infrastructure improvements within the Redevelopment Project Area.
- Encourage commercial and industrial development by eliminating the influences and manifestations of physical and economic deterioration and obsolescence within the Redevelopment Project Area.
- Provide sound economic development in the Redevelopment Project Area.
- Revitalize the Redevelopment Project Area to establish it as an important activity center contributing to the regional and national focus of the central business district.
- Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties adjacent to the Redevelopment Project Area.
- Provide an increased sales tax basis for the City of Chicago, the State of Illinois and other taxing districts extending into the Redevelopment Project Area.

Policies

- Encourage a mixture of uses and scales of development that provide a transition from higher densities found in the Loop to the lower densities of the Near South Side.
- Expand the residential population of the Near South Side and encourage housing types that accommodate a diverse economic and social mix of residents.
- Provide better access between the South and Near South Sides and the downtown and lakefront through creation of better and more frequent east-west and north-south links.
- Extend the public features of Chicago's historic boulevard system along Michigan and Indiana Avenues.
- Accommodate the reconstruction of Lake Shore Drive as a two-way parkway on the west side of the Field Museum, with an ample landscaped edge.
- Design an internal street network that is clear, direct, and easily accessible to the public.
- Design a street and block plan which integrates the Near South Side with the lakefront.
- Complete the south end of Grant Park.
- Apply the policies of the *Lakefront Plan of Chicago*.
- Provide formal open spaces that relate to Grant Park and Burnham Park and are connected by the pedestrian street network.
- Provide sufficient parks and recreational areas related to the needs of new Near South Side residents.
- Promote a quality, attractive environment compatible with the museum complex in Burnham Park, provide greater access to Burnham Park from downtown and the community to the west, and enhance the park setting of the museums.
- Present active and appropriately designed edges to the communities on all sides, especially towards Grant Park, Lake Shore Drive, and Michigan Avenue:
- Respect the prominent architectural quality of the museum complex in Burnham Park and the Michigan Avenue streetwalls.

- Enhance the Prairie Avenue Historic District by improving the accessibility and image of the surrounding community and by creating connections between the District and the Burnham Park museum complex.
- Protect and frame important views and vistas through the site.
- Encourage active, landscaped pedestrian-oriented streets.
- Encourage a predominant use of public transportation and improve public transportation services to the Central Station site and the surrounding community.
- Promote the development of a Central Area Transit Circulator system connecting the downtown with McCormick Place and the Museums.
- Provide adequate facilities for circulation within and through the site for pedestrians, public transit, and private vehicles.
- Promote development which employs the most efficient use of energy resources.
- Ensure provision of associated parks, open spaces and public facilities on a schedule coordinated with the pace of private development.
- Promote the design and construction of public infrastructure which encourages quality development.
- Give funding and scheduling priority to improvements which provide the greatest benefit to the general public.

Amendment - April 1994

Section 3, *Redevelopment Project Area Goals and Policies*, is amended to include the following additional policies:

- Maintain the Michigan Avenue "streetwall" by encouraging infill developments that are compatible with the architectural character and heights of existing structures.
- Encourage the rehabilitation or conversion of vacant buildings into residential, commercial and arts/cultural space within the Prairie Avenue area. Support the concept of the Arts District as a catalyst for future mixed-use developments.

4

BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

The Redevelopment Project Area includes improved areas and vacant areas as defined in the Act.

Within the improved portion of the area it must be demonstrated that because of the combination of five or more of the factors described in the Act, the area is detrimental to the public safety, health, morals or welfare. Based upon surveys, inspections and analysis of the area, the Redevelopment Project Area qualifies for designation as a "blighted area" as defined by the Act.

- Of the fourteen factors set forth in the Act for improved areas, ten are present in the area.

Within the vacant portion of the area it must be demonstrated that the sound growth of the taxing districts is impaired by at least one of the seven factors described in the Act.

- The vacant land area qualifies for designation as a "blighted area" on the basis that the area consists of unused railyards, rail tracks or railroad rights-of-way.

The factors present are reasonably distributed throughout the area.

All blocks within the area show the presence of blight factors.

The Redevelopment Project Area includes only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

A separate report titled Central Station Area Redevelopment Project - TIF Area Eligibility Report describes in detail the surveys and analysis undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a "blighted area" as defined by the Act. The factors listed below and shown in Figure 2, *Summary of Blight Factors*, are present in the Redevelopment Project Area.

Improved Area Factors

The improved area includes all of the blocks located west of Indiana Avenue and the railroad property currently operated by Metra and located along the eastern edge of the project area, adjacent to Lake Shore Drive.

1. **Age**
Age as a factor is present to a major extent throughout the improved blocks. Of the 17 total buildings in the improved area, 16 (94 percent) are 35 years of age or older.
2. **Dilapidation**
Dilapidation as a factor is present to a major extent in one block, and to a limited extent in one block. Dilapidation includes 4 buildings that are in a structurally sub-standard condition.
3. **Obsolescence**
Obsolescence as a factor is present to a major extent throughout the improved area. Conditions contributing to this factor include obsolete buildings and obsolete platting. Eight buildings are characterized by obsolescence, of which 3 are vacant and 3 are partially vacant.
4. **Deterioration**
Deterioration as a factor is present to a major extent throughout the improved area. Conditions contributing to this factor include deteriorating structures, deteriorating off-street parking and storage areas and site surface areas, and deteriorating alleys, street pavement, curbs, gutters, sidewalks and the Indiana Avenue viaduct. Thirteen of the 17 buildings are characterized by deterioration.
5. **Existence of Structures Below Minimum Code**
Existence of structures below minimum code standards is present to a major extent in one block and to a limited extent in one block. Structures below minimum code include all structures in deteriorating or dilapidated condition which are below the City's code standards for existing buildings.
6. **Excessive Vacancies**
Excessive vacancies as a factor is present to a major extent in one block and to a limited extent in one block. Three buildings contain vacant floors and 3 buildings are entirely vacant.
7. **Excessive Land Coverage**
Excessive land coverage as a factor is present to a major extent in one block of the area. Conditions contributing to this factor include parcels where buildings cover more than sixty percent of their respective sites, restricting provisions for off-street parking, loading and service. A total of 12 building sites are impacted by this factor.
8. **Deleterious Land-Use or Layout**

Deleterious land-use or layout is present to a major extent in two of the 3 blocks of the improved area. Conditions contributing to this factor include parcels of limited size. Twenty-six of the parcels within the Redevelopment Project Area exhibit this factor.

9. **Depreciation of Physical Maintenance**

Depreciation of physical maintenance is present to a major extent throughout the improved area. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and storage areas, and site improvements including streets, alleys, walks, curbs, gutters and one viaduct.

10. **Lack of Community**

Lack of community planning is present to a major extent throughout the improved area. Conditions contributing to this factor include incompatible land-use relationships, parcels of inadequate size or irregular shape for contemporary development in accordance with current day needs and standards, and the lack of reasonable development controls for building setbacks, off-street parking and loading.

Vacant Area Factors

The vacant land area is located east of Indiana Avenue from 11th Place to approximately 16th Street, and west of the railroad property used for the Illinois Central METRA commuter service. This vacant area consists of unused railyards, rail tracks or railroad rights-of-way. It is the former location of active rail lines and numerous railroad-related uses, including an office building, passenger terminal, train sheds, round houses, machine shops, baggage room, power house and miscellaneous support buildings. All of the buildings and tracks have been abandoned and the buildings demolished.

Amendment - April 1994

Section 4, *Blighted Area Conditions Existing In the Redevelopment Project Area*, is amended to add the following description of blighted conditions in the Amended Area:

The purpose of this section is to describe the conditions that exist within the Amended Area which qualify the Amended Area for designation as a "blighted area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (The "Act"). The Act is found in Illinois Revised Statutes, Chapter 24, Section 11-74. 4-1 *et. seq.*, as amended.

A report entitled *Tax Increment Redevelopment Project Eligibility Report* for the Central Station Area was prepared for the City of Chicago in July, 1990 by Trkla, Pettigrew, Allen & Payne, Inc. Studies and analyses completed in 1990, and documented as part of the Eligibility Report, provided the basis for a finding by the City of Chicago that the Original Redevelopment Project Area of approximately 127 acres qualified for designation as a "blighted area" as defined in the Act.

The Amended Area contains approximately 248.4 acres, including approximately 92.6 acres of street and alley rights-of-way, and approximately 155.9 acres of parcels within 38 blocks located in the

Amended Area. The Amended Area is located immediately west of the Original Redevelopment Project Area, and is generally bounded on the north by Congress Parkway, on the south by 21st Street, on the west by State Street, and on the east by Michigan Avenue (between Congress Parkway and 14th Street), Indiana Avenue (between 14th and 16th Streets), and the Illinois Central Railroad right-of-way (between 16th and Cullerton Streets).

The Amended Area is an improved area for the purpose of determining eligibility as defined in the Act. Within an improved area it must be demonstrated that because of the combination of five or more of the factors described in the Act, the area is detrimental to the public safety, health, morals or welfare.

While it may be concluded that the mere presence of the minimum number of stated factors is sufficient to make a finding of blight, the following evaluation was made on the basis that the 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 blighting factors throughout the study area must be reasonable so that basically good areas are not arbitrarily found to be blighted simply because of their proximity to areas which are blighted.

On the basis of this approach, all or any part of the Amended Area is found to be eligible within the definition set forth in the Act. Specifically:

- Of the fourteen factors set forth in the Act for improved areas, ten are present in the Amended Area.
- The blight factors which are present are reasonably distributed throughout the Amended Area.
- All blocks within the Amended Area show the presence of blight factors.
- The Amended Area includes only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

The blight factors present in the Amended Area are indicated below. It should be noted that the definitions of blight factors listed below are the same as set forth in the *Central Station Tax Increment Redevelopment Project Eligibility Report* prepared in July 1990 by TPAP for the purpose of determining the eligibility of the Original Redevelopment Project Area.

The following blighting factors are present in the Amended Area:

1. **Age**
Age as a factor is present to a major extent. Fifty percent or more of the buildings are 35 years of age or older in 34 of the 38 blocks that comprise the Amended Area.
2. **Dilapidation**
Dilapidation is present to a limited extent. Of 297 buildings within the Amended Area, 25 or 8.4 percent are dilapidated.

3. **Obsolescence**
Obsolescence as a factor is present to a major extent. Characteristics include obsolete platting, obsolete parcels and obsolete buildings.
4. **Deterioration**
Deterioration as a factor is present to a major extent throughout the Amended Area. Contributing to this factor include deteriorating structures, deteriorating off-street parking and storage areas, and deteriorating street surfaces, curbs, gutters and alleys. Of the total 297 buildings, 213, or 72 percent, evidence varying degrees of deterioration.
5. **Existence of Structures Below Minimum Code**
Existence of structures below minimum code standards is present to a moderate extent. Advanced defects in thirty percent of the buildings are below the City's maintenance and other codes for existing buildings.
6. **Excessive Vacancies**
Excessive vacancies as a factor is present to a major extent in twenty-one blocks and to a moderate extent in eleven of the thirty-eight blocks.
7. **Excessive Land Coverage**
Excessive land coverage is present to a major extent affecting close to 79 percent of the buildings within the Amended Area.
8. **Deleterious Land-Use or Layout**
Deleterious land-use or layout is present to a major extent throughout the Amended Area. Conditions contributing to this factor include parcels of limited narrow size, parcels of irregular shape and incompatible uses.
9. **Depreciation of Physical Maintenance**
Depreciation of physical maintenance is present to a major extent. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and surface storage areas, and site improvements, including streets, alleys, curbs and sidewalks.
10. **Lack of Community Planning**
Lack of community planning is present to a major extent throughout the Amended Area. Conditions contributing to this factor include parcels of inadequate size or irregular shape for contemporary development in accordance with current day needs and standards, the existence

of incompatible or mixed land-uses and the lack of reasonable development controls for building setbacks and off-street parking. Additionally, the Amended Area developed without the benefit of community planning guidelines and standards.

Figure 2, *Distribution of Blight Factors by Block*, is revised to include the Amended Area.

The analysis above is based upon data assembled by representatives of the City and surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. The surveys and analyses conducted include:

1. Exterior survey of the condition and use of each building;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing uses and their relationships;
4. Comparison of current land use to current zoning ordinance and the current zoning map;
5. Comparison of surveyed buildings to property maintenance and other codes of the City;
6. Analysis of original and current platting and building size and layout;
7. Analysis of building floor area and site coverage; and
8. Review of previously prepared plans, studies and data.

NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT

This section presents the overall program to be undertaken by the City of Chicago or by private developers acting under redevelopment agreements with the City. It includes a description of redevelopment plan and project objectives, a description of redevelopment activities, a general land-use plan, estimated redevelopment project costs, a description of sources of funds to pay redevelopment project costs, a description of obligations that may be issued, identification of the most recent equalized assessed valuation of properties in the Redevelopment Project Area, and an estimate of anticipated equalized assessed valuation.

In the event the City determines that implementation of certain activities or improvements is not feasible, the City may reduce the scope of the overall program and Redevelopment Project.

Redevelopment Objectives

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a blighted area. Section 4 of this Redevelopment Plan, *Blighted Area Conditions Existing in the Redevelopment Project Area*, describes existing blighting conditions.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, taxable values, and job opportunities.
- Assemble land into parcels functionally adaptable with respect to shape and size for disposition and redevelopment in accordance with contemporary development needs and standards.
- Create an environment which stimulates private investment in new construction, expansion, and rehabilitation.
- Achieve development which is integrated both functionally and aesthetically with nearby existing development, and which contains a complementary mix of uses.
- Encourage a high-quality appearance of buildings, rights-of-way, and open spaces, and encourage high standards of design.

- Provide sites for needed public improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with accepted design criteria for such facilities.
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts.
- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Redevelopment Project Area.
- Implement and achieve the Redevelopment Project Area Goals and Policies as set forth in Section 3 of this Redevelopment Plan.

Redevelopment Plan and Project Activities

The City proposes to achieve its redevelopment goals, policies and objectives for the Redevelopment Project through public financing techniques including tax increment financing and by undertaking some or all of the following actions:

1. Property Acquisition, Site Preparation, Demolition and Relocation

Property acquisition and land assembly by private sector for redevelopment in accordance with this Redevelopment Plan will be encouraged. To achieve the renewal of the Redevelopment Project Area, property identified in *Development Program*, Figure 3, attached hereto and made a part hereof, may be acquired by purchase, exchange or long-term lease by the City of Chicago and cleared of all improvements and either (a) sold or leased for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or recreational facilities. The City may determine that to meet the goals, policies or objectives of this Redevelopment Plan property may be acquired where: a) the current use of the property is not permitted under this Redevelopment Plan; b) the exclusion of the property from acquisition would have a detrimental effect on the disposition and development of adjacent and nearby property; or c) the owner or owners are unwilling or unable to conform the property to the land-use and development objectives of this Redevelopment Plan. Further, the City may require written redevelopment agreements with developers before acquiring any properties.

Clearance and demolition activities will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized. Clearance and demolition activities will include demolition of buildings, breaking-up and removal of old foundations, excavation and removal of soil and other materials to create suitable sites for new development and to provide for storm drainage.

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

As an incidental but necessary part of the redevelopment process, the City may devote property which it has acquired to temporary uses until such property is scheduled for disposition and redevelopment.

Acquisition activities include acquisition of property (1) to accommodate the realignment of Lake Shore Drive and to make improvements to other thoroughfares (2) to permit the more efficient construction of infrastructure over the METRA tracks, (3) to provide a site for a district heating/cooling plant, if appropriate, and (4) to provide for additional property acquisition in support of private development proposals. Further, demolition of structures (including railroad structures) and protection/relocation of existing utilities and freight tunnels is contemplated. Relocation services in conjunction with property acquisition will be provided in accordance with City policy.

2. Provision of Public Improvements

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

a. Roadways, and Related Improvements

A range of individual roadway improvement projects from repair and resurfacing through construction of new roads on structures in air rights will be undertaken. Public sewers, water lines, and City electrical service for lighting and signals are to be upgraded or installed new in each improved roadway segment as needed. The complexities and constraints associated with roadway construction in air rights over an operating railroad have been taken into account in estimating costs. The principal roadways affected are Columbus Drive, Roosevelt Road, Indiana Avenue, 13th Street, 14th Street, 15th Street, as well as segments of other streets. Virtually all of these improvements are anticipated in the *Central Station Guidelines*.

b. Special Utility Improvement

Construction of a substantial storm sewer is planned for a 16th Street alignment to extend from Lake Shore Drive west through the Redevelopment Project Area to the Chicago River. This sewer will provide relief to the combined sewer system serving the area, reduce or eliminate flooding in the area, and will have capacity to drain storm water on Lake Shore Drive in the vicinity of the Redevelopment Project Area.

c. Parks and Open Space

Construction of both parks and open spaces will be undertaken. McFetridge Park at 14th/Indiana, and a portion of the addition to Grant Park on the north side of Roosevelt will be built. These improvements are anticipated in the *Central Station Guidelines*.

3. Job Training and Related Educational Programs

Separate or combined programs designed to increase the skills of the labor force to take advantage of the employment opportunities within the Redevelopment Project Area will be implemented. This will be particularly important in conjunction with development of international trade operations and related services.

4. Analysis, Administration, Studies, Surveys, Legal, et al.

Activities include the long-term management of the TIF Program as well as the costs of establishing the Program and designing its components.

5. Redevelopment Agreements

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

Amendment - April 1994

Redevelopment Plan and Project Activities contained in Section 5 is amended to add the following:

Redevelopment Project and Plan activities are expanded to include: resurfacing or reconstruction of all existing street pavement which is currently in a deteriorating condition; repair or reconstruction of all deteriorating curbs and gutters; replacement or reconstruction of sidewalks as part of a comprehensive streetscape/pedestrian walkway system for major parts of the amended area; coordination and implementation of transit station and structure improvements with other public and private improvement projects, rehabilitation of existing buildings, and allowance for interest cost incurred by redevelopers as provided for in the Act.

Figure 3, *Development Program*, is revised to illustrate the range of actions and improvements proposed for the Amended Area.

General Land-Use Plan

Amendment - April 1994

The *General Land-Use Plan* contained in Section 5 is amended to include the following maps, and revised and added statements:

Figure 4, *Land-Use Plan*, contained in the Original Redevelopment Project and Plan is revised to include two figures: Figure 4A, *Land Use Plan*, and Figure 4B, *Sub-Area Land-Use Plan*.

Figure 4A, *Land-Use Plan*, identifies the major land-use category to be in effect upon adoption of this amended Redevelopment Project and Plan, which is Mixed-Use. The Mixed-Use category includes the provision for commercial, residential, retail, institutional, exhibition, parking and related uses. Also shown in 4A are the locations of major thoroughfares and street rights-of-way, the locations of which are subject to modification by the City.

Figure 4B, *Sub Area Land-Use Plan*, illustrates the recommended predominant use for the nine subareas identified, and provides a guide for future land-use developments and related improvements within the Redevelopment Project Area. Described below are the predominant uses to be included in each subarea.

Subarea 1

Subarea 1 should continue to accommodate office, institutional, retail and services uses which characterize the adjacent Loop area to the north. Restaurants, professional theaters and related business and service uses are encouraged to support existing uses in subareas 2 and 3.

Subarea 2

The predominant use of this subarea should remain hotel and institutional. The City should encourage continued business and institutional uses such as the Chicago Hilton and Towers, the Spertus Museum, Columbia College and Blackstone Theater. Redevelopment should respect the historic character of the Michigan Avenue streetwall.

Subarea 3

The predominant use of this subarea should be residential with accessory retail. This subarea should allow for high-density residential buildings consistent with recently constructed and rehabilitated buildings such as 2 East 8th, Burnham Plaza and 1130 South Michigan. Within this subarea, new development along Michigan Avenue should respect the historic character of the Michigan Avenue streetwall.

Subarea 4

Community shopping uses (grocery store, drug store, etc.) should be encouraged in subarea 4 to serve the expanding neighborhoods of Dearborn Park I and II, Central Station and various free-standing and converted loft residential buildings. Development should be centered near the intersection of State Street and Roosevelt Road, the CTA subway and elevated stations, and the proposed Central Area Circulator station. Convenience businesses to serve foot traffic from the transit stations should also be encouraged.

Subarea 5

Residential development that is compatible, in density, with the Dearborn Park II neighborhood located across State Street should be encouraged in subarea 5. Neighborhood retail and business uses should be encouraged on ground floors of residential structures.

Subarea 6

Land should be assembled in underutilized blocks for the development of a range of housing types, rental and sales, in a mixed-density, economically integrated environment. Large scale developments should be approved as planned developments and provide for off-street parking, recreational facilities and other supporting amenities. Residential development within this area should link the Dearborn Park and Central Station neighborhoods. A continuous east-west pedestrian walkway should be provided from the Chicago River to the lakefront.

This subarea should continue to permit institutional uses such as religious facilities, schools, governmental offices, museums and civic organizations, as well as public open spaces and community facilities.

Subarea 7

Commercial services, including wholesale and retail trades, should be located along State Street, north of Cermak.

Subarea 8

Business, residential and cultural uses that are compatible with, support and enhance the existing Prairie Avenue Historic District and the proposed Arts District should be encouraged in Subarea 8. Rehabilitation of existing buildings and redevelopment of vacant sites in the Arts District should be encouraged for business and housing uses, as well as support services, art spaces, public open spaces and community facilities.

Subarea 9

Hotel, restaurant and service uses should be encouraged in subarea 9, as well as other businesses that are compatible with the expanding McCormick Place.

Similar and compatible uses as determined by the City of Chicago Department of Planning and Development should be encouraged within each subarea.

Estimated Redevelopment Project Costs

Amendment - April 1994

Estimated Redevelopment Project Costs contained in Section 5 is amended to read as follows:

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan 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 services costs for architectural, engineering, legal, marketing, financial, planning or other services, provided however that no charges for professional services may be 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 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 not exceeding 36 months thereafter and including reasonable reserves related thereto;
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;
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 Section 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:
 - 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 regard 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 pursuant to this paragraph (11) then the amount 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 incurred pursuant to this Act may not exceed 30 percent of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to this Act or such greater amount as may be hereinafter authorized by law, including by P.A. 86-1398.

A range of activities and improvements will be required to implement the Redevelopment Project. The necessary improvements and their costs are shown in Table 1, *Estimated Redevelopment Project Costs*. To the extent that the City has incurred costs or municipal obligations have been issued to pay for such Redevelopment Project costs in anticipation of the adoption of tax increment financing, the City shall be reimbursed from real estate tax increment revenues for such redevelopment costs. The total Redevelopment Project costs are intended to provide an upper limit on expenditures. Within this limit, adjustments may be made in line items, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, without amendment of this Redevelopment Plan. Additional funding in the form of State and Federal grants, and private developer contributions will be pursued by the City as means of financing improvements and facilities which are of a general community benefit.

Table 1
ESTIMATED REDEVELOPMENT PROJECT COSTS
NEAR SOUTH REDEVELOPMENT PROGRAM

Program Action/Improvement (in \$1,000's)	Initial Project Costs	Additional Project Costs	Total Project Costs
Property acquisition, Site Preparation, Demolition, Relocation	\$ 3,300	\$ 6,000	\$ 9,300
Rehabilitation of Existing Buildings	N.A.	21,000	21,000
Roadways and Related Improvements	27,600	7,000	34,600
Utility Improvements	6,500	3,000	9,500
Parks and Open Space	1,800	2,000	3,800
Transit Improvements	N.A.	9,500	9,500
Interest Cost Incurred by Redevelopers	N.A.	10,000	10,000
Job Training and Related Education Programs	500	750	1,250
Analysis, Administration, Studies, Surveys, Legal, <i>et.al.</i>	300	400	700
Contingency	N.A.	6,000	6,000
GROSS PROJECT COST¹	\$ 40,000	\$ 65,650	\$ 105,650

¹ *Gross Project Cost excludes financing costs, including interest expense, capitalized interest, and costs associated with issuing bonds and optional redemptions. Estimated Gross Project Costs are based on 1993 dollars, and are subject to prevailing market conditions at the time they are undertaken.*

Sources of Funds to Pay Redevelopment Project Costs

Amendment - April 1994

Sources of Funds to Pay Redevelopment Project Costs contained in Section 5 is amended to read as follows:

Funds necessary to pay for redevelopment project costs and municipal obligations which have been issued to pay for such costs are to be derived principally from tax increment revenues and proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

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

Issuance of Obligations

Amendment - April 1994

Issuance of Obligations contained in Section 5 is amended to read as follows:

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

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area, such ultimate retirement date occurring in the year 2013. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan. The amounts payable in any year as principal of and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. Obligations issued may be serial or term maturities, and may or may not be subject to mandatory sinking fund redemptions.

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

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area

Amendment - April 1994

Most Recent Equalized Assessed Valuation of Properties in the Redevelopment Project Area in Section 5 is amended to read as follows:

The purpose of identifying the most recent EAV of properties in the Redevelopment Project Area is to provide an estimate of the Initial EAV which the County Clerk will certify for the purpose of calculating incremental EAV and incremental property taxes. In the case of the Central Station Area Tax Increment Financing Redevelopment Project and Plan, there is an Initial EAV (using 1989 EAV) for the area as originally adopted on November 28, 1990, and a second Initial EAV (using 1992 EAV) for the area to be amended into the Central Station Area Tax Increment Financing Redevelopment Project and Plan.

Table 2, *Summary of Initial EAV by Block*, summarizes the initial equalized assessed valuations of blocks within the Original Area and Amended Area. The EAV summary for the Original Area has since been Certified as the Initial Equalized Assessed Valuation by the Cook County Clerk on August 12, 1991, and is \$3,223,423.

The initial EAV summarized in Table 2 for the Amended Area serves as the estimated initial equalized assessed valuations of blocks within the Amended Area as of April 1994. The total initial EAV for the Amended Area is estimated at \$124,791,988, and assumes this amendment to the Redevelopment Plan and Project will occur before the 1993 state equalization factor is issued, which is sometime in June or July 1994. In the event the amendment is adopted after the 1993 state equalization factor is issued, then the 1993 assessed valuations and 1993 state equalization factor will be used by the County to determine the Initial EAV for the Amended Area. Additionally, this estimated amount is subject to any Certificates of Error which may be adjudicated before a final Certified Initial EAV is issued by the Cook County Clerk's office.

The total certified initial EAV for the entire Redevelopment Project Area is estimated at \$128,015,411.

**TABLE 2
SUMMARY OF INITIAL EAV BY BLOCK
NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AREA**

BLOCK NUMBER	[1] ORIGINAL PROJECT AREA	[2] AMENDED PROJECT AREA	ENTIRE PROJECT AREA
17-15-110		\$10,087,753	\$10,087,753
111		\$8,807,434	\$8,807,434
17-15-112	\$0 *		\$0 *
300		\$2,459,481	\$2,459,481
301		\$7,995,577	\$7,995,577
302		\$2,166,319	\$2,166,319
304		\$5,836,194	\$5,836,194
305		\$10,284,638	\$10,284,638
306		\$4,401,836	\$4,401,836
307		\$3,237,637	\$3,237,637
308		\$3,896,048	\$3,896,048
309		\$3,819,510	\$3,819,510
17-15-310	\$0 *		\$0 *
17-15-501	\$0 *		\$0 *
17-16-247		\$1,575,316	\$1,575,316
17-22-100		\$1,415,713	\$1,415,713
101		\$7,599,167	\$7,599,167
17-22-102	\$1,236,479		\$1,236,479
103		\$749,770	\$749,770
104		\$2,732,826	\$2,732,826
17-22-105	\$1,959,440		\$1,959,440
106		\$2,964,749	\$2,964,749
107		\$3,470,369	\$3,470,369
108		\$5,136,042	\$5,136,042
17-22-109	\$10,233		\$10,233
17-22-110	\$0 *		\$0 *
300		\$1,235,667	\$1,235,667
301		\$5,094,929	\$5,094,929
302		\$2,960,436	\$2,960,436
303	\$17,271	\$2,289,881	\$2,307,152
304	\$0 *	\$3,127,719	\$3,127,719 *
305		\$1,281,389	\$1,281,389
306		\$1,110,498	\$1,110,498
307		\$1,742,271	\$1,742,271
308		\$1,142,846	\$1,142,846
309		\$1,676,355	\$1,676,355
310		\$35,368	\$35,368
311		\$1,374,860	\$1,374,860
312		\$3,224,898	\$3,224,898
313		\$3,730,428	\$3,730,428
314		\$1,038,422	\$1,038,422
315		\$1,027,610	\$1,027,610
317		\$68,567	\$68,567
318		\$1,162,295	\$1,162,295
319		\$2,674,962	\$2,674,962
320		\$376,209	\$376,209
500		\$0 *	\$0 *
501	\$0 *	\$0 *	\$0 *
17-27-205	\$0 *		\$0 *
TOTAL	\$3,223,423	\$124,791,968	\$128,015,411

* Contains exempt and or railroad properties

1. Based on 1989 EAV.

2. Based on 1992 EAV, and is subject to final verification and certification by the County Clerk following the adoption of the ordinances to add the Amended Area to the Redevelopment Project Area.

Anticipated Equalized Assessed Valuation

Amendment - April 1994

Anticipated Equalized Assessed Valuation in Section 5 is amended to read as follows:

By the year 2005, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at approximately \$530,000,000. This estimate is based on several key assumptions, including; 1) Redevelopment for the uses specified in this Redevelopment Plan will occur in a timely manner; 2) the market value of the recommended residential and commercial developments will increase following completion of the redevelopment activities described in the Redevelopment Plan; and 3) the average State Multiplier for the five year period 1988 through 1992 of 1.9953 will apply to future assessed values.

**CONFORMITY OF THE REDEVELOPMENT PLAN TO THE COMPREHENSIVE PLAN
FOR DEVELOPMENT OF THE CITY OF CHICAGO AS A WHOLE**

The Redevelopment Plan and the Redevelopment Project conform to the comprehensive plan for development of the City of Chicago as a whole. Further, the Redevelopment Plan and Redevelopment Project are consistent with, and are established pursuant to implementation of, general municipal development objectives and policies contained in development plans previously adopted and/or considered by the City of Chicago, including, among others, the following:

1. "An Ordinance For the Establishment of Harbor District Number Three; the Construction by the Illinois Central Railroad Company of a New Passenger Station; Electrification of Certain of the Lines of the Illinois Central and Michigan Central Railroad Companies Within the City; and the Development of the Lake Front" passed by the City Council of the City of Chicago in 1919, as amended;
2. The Comprehensive Plan of Chicago of 1966;
3. The Guidelines for Development: I.C. Air Rights -- 11th place to 31st Street of 1972;
4. The Lakefront Plan of Chicago of 1973;
5. The Lake Michigan and Chicago Lakefront Protection Ordinance of 1973;
6. Chicago 21: A Plan for the Central Area Committees of 1973;
7. Chicago Central Area Plan of 1983;
8. The Near South Development Plan of 1986;
9. The Central Station Guidelines; and
10. The Central Station Plan of Development.

7

PHASING AND SCHEDULING OF REDEVELOPMENT PROJECT

A phased implementation strategy will be utilized to achieve a timely and orderly redevelopment of the project area.

It is anticipated that City expenditures for redevelopment project cost will be carefully staged on a reasonable and proportional basis to coincide with expenditures in redevelopment by private developers.

8

PROVISIONS FOR AMENDING THIS REDEVELOPMENT

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

9

AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the Near South Tax Increment Redevelopment Plan and Project:

- A. The assurance of equal opportunity in all personnel and employment actions with respect to the Plan and Project, including, 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.

In order to implement these principles for this Project and Plan, 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 contracting for work on the Project shall be required to agree to the principles set forth in this section.

**LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT
BY PRIVATE ENTERPRISE**

As described in Section 4 of this Redevelopment Project and Plan report, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous blighting factors, and these factors are reasonably distributed throughout the area. The redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise. Small-scale rehabilitation and new construction projects have occurred on a limited and scattered basis. However, no major large-scale projects have been initiated in over ten years. The lack of private investment is evidenced by the continued existence of blight and the limited number of new development projects undertaken on a planned development basis.

The private investment that has occurred in the near south side in general, but not in the redevelopment area, has occurred with substantial public assistance. Projects such as Dearborn Park, Printers Row, McCormick Place and the original Central Station have all been subsidized with local, state or federal assistance.

Thus, it is clear that private investment in revitalization and redevelopment has not occurred on a comprehensive basis or in a timely manner to overcome the blighting conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Redevelopment Project and Plan, and the adoption of tax increment financing.

FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this Redevelopment Project and Plan, and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped by private enterprise. There is a real prospect that blighted conditions will continue to exist and spread, and the area on the whole will become less attractive for the maintenance and improvement of existing buildings and sites. The possibility of the erosion of the assessed value of property which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment could lead to a reduction of real estate tax revenue to all taxing districts.

Section 5 of this Redevelopment Project and Plan describes the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. The redevelopment program will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment projects and activities set forth in this Plan. If the Redevelopment Project is successful, it is anticipated that the rehabilitation and expansion of existing buildings and new development resulting therefrom will be instrumental in alleviating blighted conditions and restoring the area to a long-term sound condition.

The Redevelopment Project is expected to have both short- and long-term financial impacts on the taxing districts affected by the Redevelopment Plan. During the period when tax increment financing is utilized, real estate tax revenues resulting from increases in EAV over and above the certified initial EAV established at the time of adoption of this Redevelopment Project and Plan will be used to pay redevelopment project costs in the area. At the end of such period, the real estate tax revenues attributable to the increase in EAV over the certified initial EAV will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within the Redevelopment 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 public open space in the City and County for the education, pleasure and recreation of the public.

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

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

Board of Education. General responsibilities of the Board include the provision, maintenance and operations of educational facilities, and the provision of educational services primarily for kindergarten through twelfth grade.

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

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

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

In addition to the major taxing districts summarized above, the following special taxing districts have taxing jurisdiction over the Redevelopment Project Area: the Chicago Library Fund, Chicago Urban Transportation District, and Special Service Area Number 12 (SSA #12). The Chicago Library Fund (formerly a separate taxing district from the City) and the Chicago Urban Transportation District no longer extend tax levies, but continue to exist for the purpose of receiving delinquent taxes. In 1991, the City established SSA #12 in connection with the Central Station Area Circulator. Certain properties located within the Redevelopment Project Area are also located within SSA #12. Taxes for SSA #12 are levied on non-residential properties located within its taxing jurisdiction to pay for a portion of the anticipated cost of the construction and operation of the Central Area Circulator.

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

Residential development may cause increased demand for services or capital improvements to be provided by the Board of Education, Community College District 508, Chicago Park District, and City. New private investment in residential and non-residential development, and public investment in infrastructure improvements may increase the demand for public services or capital improvements provided by the City of Chicago and the Chicago Park District within and adjacent to the Redevelopment 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. However, it is not possible at this time to predict, with any degree of reliability, (i) the number or timing of new or rehabilitated residential buildings that may be added within the Redevelopment Project Area, or (ii) the increased level of demand for services or capital improvements to be provided by any taxing district as a result therefrom.

If successful, the implementation of the Redevelopment Project may enhance the values of properties within and adjacent to the Redevelopment Project Area.

PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described more fully in the previous sections, because the scale and mix of development in the Area cannot be predicted with certainty as of the date of this Redevelopment Project and Plan, the scope of the financial impact on taxing districts and increase in the demand for services provided by those districts cannot be quantified at this time. As a result, the City has not developed, at present, a specific plan to address such financial impact or increased demand.

However, as described more fully under *Redevelopment Project and Plan Activities--Provision of Public Improvements* in Section 5 of this Redevelopment Project and Plan, the City plans to provide public improvements and facilities to service the Redevelopment Project Area. Such improvements may mitigate some of the additional service and capital improvement demands placed on taxing districts as a result of the implementation of this Redevelopment Project and Plan.

EXHIBIT B

9312017.LD / CITY OF CHGO., DEPT OF PLNG.
REVISED 3/4/94 - 2:00 P.M.

A TRACT OF LAND COMPRISED OF A PART OF EACH OF SECTIONS 15,16,21 AND 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS WHICH TRACT OF LAND IS BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SOUTH MICHIGAN AVENUE WITH THE NORTH LINE OF EAST 11TH STREET BEING ALSO THE SOUTHEAST CORNER OF BLOCK 20 IN THE FRACTIONAL SECTION 15 ADDITION TO CHICAGO AND RUNNING

THENCE EAST ALONG THE EASTWARD EXTENSION OF SAID NORTH LINE OF EAST 11TH STREET A DISTANCE OF 130.00 FEET, MORE OR LESS TO THE EAST LINE OF SOUTH MICHIGAN AVENUE AS IMPROVED AND OCCUPIED;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH MICHIGAN AVENUE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF EAST 8TH STREET:

THENCE WEST ALONG SAID EASTWARD EXTENSION AND ALONG THE NORTH LINE OF EAST 8TH STREET TO AN INTERSECTION WITH THE EAST LINE OF SOUTH WABASH AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO AN INTERSECTION WITH THE SOUTH LINE OF EAST BALBO STREET;

THENCE EAST ALONG SAID SOUTH LINE OF EAST BALBO STREET AND ALONG THE EASTWARD EXTENSION THEREOF TO AN INTERSECTION WITH SAID EAST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE AND ALONG THE NORTHWARD EXTENSION OF SAID EAST LINE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF EAST CONGRESS PARKWAY;

THENCE WEST ALONG SAID EASTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID EAST CONGRESS PARKWAY TO THE INTERSECTION WITH THE EAST LINE OF SOUTH STATE STREET;

THENCE WEST ALONG A STRAIGHT LINE TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET AND THE NORTH LINE OF WEST CONGRESS PARKWAY;

THENCE WEST ALONG THE NORTH LINE OF WEST CONGRESS PARKWAY TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF SOUTH PLYMOUTH COURT;

THENCE SOUTH ALONG SAID NORTHWARD EXTENSION AND ALONG THE WEST LINE OF SOUTH PLYMOUTH COURT TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF LOT 8 IN C.L.& I. HARMON'S SUBDIVISION OF BLOCK 137 OF SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, AFORESAID;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE SOUTH LINE OF SAID LOT 8 TO AN INTERSECTION WITH THE WEST LINE

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OF THE PUBLIC ALLEY, 12 FEET WIDE AS OPENED BY THE CITY COUNCIL PROCEEDINGS IN SAID BLOCK 137;

THENCE SOUTH ALONG THE WEST LINE OF SAID PUBLIC ALLEY AND THE SOUTHWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE SOUTH LINE OF WEST HARRISON STREET;

THENCE EAST ALONG THE SOUTH LINE OF THE WEST HARRISON STREET TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET, SAID INTERSECTION BEING ALSO THE NORTHEAST CORNER OF LOT 1 IN THE SUBDIVISION OF BLOCK 136 OF SAID SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16;

THENCE SOUTH ALONG SAID WEST LINE OF SOUTH STATE STREET TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF SUBLOT 2 OF LOT 3 IN BLOCK 15 IN CANAL TRUSTEES SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID SOUTH LINE OF SUBLOT 2 TO AN INTERSECTION WITH THE WEST LINE OF THE STRIP OF LAND, 30 FEET WIDE, WHICH RUNS NORTH AND SOUTH THROUGH SAID BLOCK 15;

THENCE SOUTH ALONG SAID WEST LINE OF THE STRIP OF LAND, 30 FEET WIDE, TO AN INTERSECTION WITH THE NORTH LINE OF EAST 8TH STREET;

THENCE WEST ALONG THE NORTH LINE OF EAST 8TH STREET AND ALONG THE WESTWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET;

THENCE SOUTH ALONG THE WEST LINE OF SOUTH STATE STREET TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF EAST 21ST STREET;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID SOUTH LINE OF EAST 21ST STREET TO THE NORTHWEST CORNER OF LOT 1 IN BLOCK 28 IN CURLEY'S SUBDIVISION OF BLOCK 28 OF THE ASSESSOR'S DIVISION OF THE SOUTHWEST FRACTIONAL QUARTER OF SAID SECTION 22;

THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 1 AND THE WEST LINE OF LOT 2 IN SAID BLOCK 28 IN CURLEY'S SUBDIVISION TO THE NORTHWEST CORNER OF THE SOUTH 25 FEET OF SAID LOT 2;

THENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 25 FEET OF LOT 2 TO THE EAST LINE OF SOUTH WABASH AVENUE (SAID EAST LINE OF SOUTH WABASH AVENUE BEING THE WEST LINE OF BLOCK 27 IN CURLEY'S SUBDIVISION AFORESAID);

THENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH

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AVENUE TO THE NORTH LINE OF THE SOUTH 30 FEET OF LOT 19 IN SAID BLOCK 27;

THENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 30 FEET OF LOT 19 TO THE CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 12 FEET WIDE, LYING EAST OF AND ADJOINING SAID LOT 19;

THENCE SOUTH ALONG SAID NORTH AND SOUTH CENTERLINE TO THE CENTERLINE EXTENDED WEST OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID CENTERLINE OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY, AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE WEST LINE OF LOT 5 IN SAID BLOCK 27;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 5 TO THE NORTHWEST CORNER OF LOT 6 IN SAID BLOCK 27;

THENCE EAST ALONG THE NORTH LINE OF LOT 6 IN SAID BLOCK 27 AND ALONG SAID NORTH LINE EXTENDED EAST TO THE EAST LINE OF SOUTH MICHIGAN AVENUE (SAID EAST LINE OF SOUTH MICHIGAN AVENUE BEING ALSO THE WEST LINE OF BLOCK 26 IN SAID CURLEY'S SUBDIVISION);

THENCE SOUTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE TO THE NORTH LINE OF THE SOUTH 25 FEET OF LOT 12 IN SAID BLOCK 26;

THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF THE SOUTH 25 FEET OF LOT 12 TO THE CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 18 FEET WIDE IN SAID BLOCK 26;

THENCE NORTH ALONG SAID CENTERLINE TO THE WESTWARD EXTENSION OF THE NORTH LINE OF LOT 3 IN SAID BLOCK 26;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID LOT 3 AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE EAST LINE OF SOUTH INDIANA AVENUE (SAID EAST LINE OF SOUTH INDIANA AVENUE BEING ALSO THE WEST LINE OF BLOCK 25 IN SAID CURLEY'S SUBDIVISION);

THENCE NORTH ALONG SAID EAST LINE OF SOUTH INDIANA TO THE NORTH LINE OF THE SOUTH 10 FEET OF LOT 17 IN BLOCK 25 IN SAID CURLEY'S SUBDIVISION;

THENCE EAST ALONG SAID NORTH LINE OF THE SOUTH 10 FEET OF LOT 17 AND ALONG THE EASTWARD EXTENSION THEREOF TO THE EAST LINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 18 FEET WIDE IN SAID BLOCK 25;

THENCE SOUTH ALONG SAID EAST LINE TO THE NORTH LINE OF

CITY OF CHGO., DEPT. OF PLNG.
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THE SOUTH 24.8 FEET OF LOT 3 IN SAID BLOCK 25;

THENCE EAST ALONG SAID NORTH LINE OF THE SOUTH 24.8 FEET OF LOT 3 AND ALONG THE EASTWARD EXTENSION THEREOF TO THE EAST LINE OF SOUTH PRAIRIE AVENUE (SAID EAST LINE OF SOUTH PRAIRIE AVENUE BEING THE WEST LINE OF BLOCK 24 IN CURLEY'S SUBDIVISION, AFORESAID;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH PRAIRIE AVENUE TO THE SOUTH LINE OF EAST 21ST STREET;

THENCE EAST ALONG THE SOUTH LINE OF EAST 21ST STREET AND ALONG THE EASTWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE EAST LINE OF SOUTH CALUMET AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH CALUMET AVENUE TO AN INTERSECTION WITH THE ORIGINAL WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

THENCE NORTHWARDLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF LOT 1 IN E.L. SHERMAN'S SUBDIVISION OF LOTS 4,5 AND 6 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, IN THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 22, AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT 1, AND ALONG SAID NORTH LINE EXTENDED WEST, A DISTANCE OF 186.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH PRAIRIE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH PRAIRIE AVENUE, A DISTANCE OF 84.00 FEET MORE OR LESS, TO THE SOUTHEAST CORNER OF LOT 5 IN ASSESSOR'S DIVISION OF LOTS 1,2 AND 3 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 5 A DISTANCE OF 177 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH A LINE WHICH IS THE EAST LINE OF A 20.00 FOOT WIDE ALLEY;

THENCE NORTH ALONG SAID EAST LINE OF SAID ALLEY, A DISTANCE OF 92.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 16TH STREET;

THENCE WEST ALONG THE SOUTH LINE OF EAST 16TH STREET, A DISTANCE OF 263.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH INDIANA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH INDIANA AVENUE, A DISTANCE OF 1407.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 14TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF EAST 14TH STREET, A DISTANCE OF 441.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

CITY OF CHGO., DEPT. OF PLNG.

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THENCE NORTH ALONG SAID WEST LINE OF SOUTH MICHIGAN AVENUE A DISTANCE OF 1459.00 FEET, MORE OR LESS, TO AN INTERSECTION WITH THE NORTH LINE OF THE SOUTH 10.00 FEET OF SUBLOT 1 OF LOT 12 IN BLOCK 21 IN CANAL TRUSTEE'S SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE WEST ALONG SAID NORTH LINE OF THE SOUTH 10.00 FEET OF SUBLOT 1, A DISTANCE OF 171.00 FEET, MORE OR LESS, TO THE EAST LINE OF THE PUBLIC ALLEY, 20.00 FEET WIDE, IN SAID BLOCK 21;

THENCE NORTH ALONG SAID EAST LINE , A DISTANCE OF 350.00 FEET, MORE OR LESS TO THE SOUTH LINE OF ORIGINAL LOT 1 IN BLOCK 21 IN THE FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE EAST ALONG SAID SOUTH LINE, A DISTANCE OF 171.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE AND THE NORTHWARD EXTENSION THEREOF, A DISTANCE OF 146.00 FEET MORE OR LESS, TO THE POINT OF BEGINNING.

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3/4/94 - 2:45 P.M.

CHICAGO GUARANTEE SURVEY COMPANY, AN ILLINOIS CORPORATION LICENSED AS AN ILLINOIS PROFESSIONAL LAND SURVEYOR HEREBY CERTIFIES THAT THE LEGAL DESCRIPTION ATTACHED HERETO CORRECTLY DESCRIBES THE BOUNDARIES OF THE TRACT OF LAND TO BE INCLUDED IN THE AMENDED CENTRAL STATION AREA TAX INCREMENT REDEVELOPMENT PROJECT, IN CHICAGO, ILLINOIS.

CHICAGO GUARANTEE SURVEY COMPANY

BY:

Gregory J. Han



EXHIBIT C
Street Location

The boundaries of the proposed Near South TIF District are generally described as South Lake Shore Drive between Roosevelt Road extended and the northern boundary of McCormick Place II on the east; the northern boundary of McCormick Place II between South Lake Shore Drive and Calumet Avenue on the south; Calumet Avenue between Cullerton Street and 21st Street on the east; 21st Street between Calumet Avenue and State Street on the south, State Street between 21st and Congress Parkway on the west; Congress Parkway between State Street and Michigan Avenue on the north; Michigan Avenue between Congress Parkway and Roosevelt Road on the east; and Roosevelt Road between Michigan Avenue and South Lake Shore Drive on the north.

STATE OF ILLINOIS, }
County of Cook. } ss.

I, ERNEST R. WISH, 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. Concerning Authority to Approve and Adopt the Tax Increment Redevelopment Plan for the Near South Redevelopment Area.

I DO FURTHER CERTIFY that the said ordinance was passed by the City Council of the said City of Chicago on the third (3rd) day of August, A.D. 1994 and deposited in my office on the third (3rd) day of August, A.D. 1994.

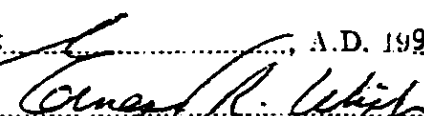
I DO FURTHER CERTIFY that the vote on the question of the passage of the said ordinance by the said City Council was taken by yeas and nays and recorded in the Journal of the Proceedings of the said City Council, and that the result of said vote so taken was as follows, to wit: Yeas 40, Nays 1.

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 did approve and sign the said ordinance on the eighth (8th) day of August, A.D. 1994.

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

[L. S.] County and State aforesaid, this eleventh (11th) day of August, A.D. 1994.


ERNEST R. WISH, City Clerk.

**NEAR SOUTH
TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN
AMENDMENT NO. 2**

**Prepared for:
The City of Chicago**

**By:
Teska Associates, Inc.
Mann Gin Dubin & Frazier, Ltd.**

December, 1998

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1. INTRODUCTION

On November 28, 1990, the City Council of the City of Chicago (the "City") adopted ordinances to: 1) approve the Central Station Area Tax Increment Financing Redevelopment Project and Plan (the "Original Project and Plan"); 2) designate the Central Station Project Area (the "Original Redevelopment Project Area") as a redevelopment project area; and 3) adopt tax increment allocation financing for the Central Station Redevelopment Project Area, all pursuant to the Tax Increment Allocation Redevelopment Act, presently codified as 65 ILCS 5/11-74.4-1 et seq. (1996 State Bar Edition), as amended (the "Act").

It was determined by the Commercial District Development Commission (the predecessor to the Community Development Commission) and the Chicago City Council, based on information in the Original Project and Plan, that there existed conditions which caused the Original Redevelopment Project Area to be subject to designation as a "Redevelopment Project Area" and designated as a "blighted area" under the Act; that the Original Redevelopment Project Area on the whole had not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Original Project and Plan; that the Original Project and Plan conformed to the comprehensive land use plan for the development of the City as a whole; that the estimated date of completion of the Original Plan and Project, and the estimated date of retirement of all obligations issue to finance redevelopment project costs, was November 28, 2013; that the Redevelopment Project Area would not reasonably be developed without the use of incremental revenues under the Act and that such incremental revenues would be used exclusively for the Original Plan and Project; and that the parcels in the Redevelopment Project Area were contiguous and the only parcels to be substantially benefitted by the proposed project improvements included in the Redevelopment Project Area.

On August 3, 1994, the City desired to expand the boundaries of the Original Redevelopment Project Area, to designate such expanded project area as a redevelopment project area under the Act, and to amend the Original Plan and Project to provide for the development of the area added to the Original Redevelopment Project Area and the use of tax increment financing for certain additional redevelopment project costs. To carry out this amendment, the City adopted ordinances to: 1) approve the Near South Tax Increment Financing Redevelopment Project and Plan (the "Expanded Area Redevelopment Project and Plan"); 2) designate the Original Redevelopment Project Area and the additional project area resulting from the expanded boundaries as the Near South Redevelopment Project Area (the "Expanded Redevelopment Project Area"); and 3) adopt tax increment allocation financing for the Expanded Redevelopment Project Area, all pursuant to the Act. In adopting such ordinances, the City and the Community Development Commission made determinations substantially similar to the determinations described in the above paragraph with respect to the Expanded Redevelopment Project Area.

The City has determined that an additional amendment to the Expanded Area Redevelopment Project and Plan is necessary at this time in order to incorporate the "portability" language included in the Act, 65 ILCS 5/11-74.4-4(q), and the similar language included in the Industrial Jobs Recovery Law, 65 ILCS 5/11-74.6-15(s) (State Bar Edition). This change is incorporated in this Amendment No. 2 (the "Amendment"). The Expanded Area Redevelopment Project and Plan, as amended by this Amendment, is referred to hereinafter as the Amended Project and Plan. Section 2 of this Amendment describes the modifications in detail.

The Amended Project and Plan summarizes the analyses and findings of the consultant's work, which unless otherwise noted, is solely the responsibility of Teska Associates, Inc. and its subconsultants. Teska Associates, Inc. has prepared this Amendment with the understanding that the City would rely: (i) on the findings and conclusions of the Amended Project and Plan in proceeding with the adoption and

implementation of the Amended Project and Plan; and (ii) on the fact that Teska Associates, Inc. has obtained the necessary information so that the Amended Project and Plan will comply with the Act.

This Amendment includes Appendix A, which contains the Expanded Area Redevelopment Project and Plan as approved by the Chicago City Council.

2. MODIFICATIONS TO EXPANDED AREA REDEVELOPMENT PROJECT AND PLAN

Certain modifications to the Expanded Area Redevelopment Project and Plan are needed to incorporate "portability" language. These modifications form the basis for the amendment described below.

References to Redevelopment Plan

All references in the Expanded Area Redevelopment Project and Plan to the "Redevelopment Plan" or the "Redevelopment Project and Plan" shall be deemed to refer to such plan or Project and Plan, as each has been amended by this Amendment.

Sources of Funds to Pay Redevelopment Project Costs Amendment

The following language is hereby added on page A26 of the Expanded Area Redevelopment Project and Plan (included as Appendix A) as a concluding paragraph under the heading "Sources of Funds to Pay Redevelopment Project Costs:"

Amendment - 1998

If the Redevelopment Project Area is contiguous to, or separated only by a public right-of-way from, one or more redevelopment project areas created under the Act, the City may utilize revenues received under the Act from the Redevelopment Project Area to pay eligible redevelopment project costs, or obligations issued to pay such costs, in other contiguous redevelopment project areas or other redevelopment project areas separated only by a public right-of-way, and vice versa. In addition, if the Redevelopment Project Area is contiguous to, or separated only by a public right-of-way from, one or more redevelopment project areas created under the Industrial Jobs Recovery Law (the "Law"), 65 ILCS 5/11-74.6-1, et seq. (1996 State Bar Edition), as amended (an "IJRB Project Area"), the City may utilize revenues received from such IJRB Project Area(s) to pay eligible redevelopment project costs or obligations issued to pay such costs in the Redevelopment Project Area, and vice versa. Such revenues may be transferred outright from or loaned by the IJRB Project Area to the Redevelopment Project Area, and vice versa. The amount of revenue from the Redevelopment Project Area made available to support any contiguous redevelopment project areas, or those project areas separated only by a public right of way, when added to all amounts used to pay eligible redevelopment project costs within the Redevelopment Project Area, shall not at any time exceed the total Redevelopment Project Costs described in this Redevelopment Plan. This paragraph is intended to give the City the full benefit of the "portability" provisions set forth in the Act, 65ILCS 5/11-74.4-4 (q) and the Law, 65 ILCS 5/11-74.6-15(s).

APPENDIX A

NEAR SOUTH REDEVELOPMENT PROJECT AREA TAX INCREMENT ALLOCATION FINANCE PROGRAM AS DESIGNATED BY THE CITY COUNCIL OF THE CITY OF CHICAGO AS "CENTRAL STATION," IN NOVEMBER, 1990 AND AMENDED AS "NEAR SOUTH" IN AUGUST, 1994.

NEAR SOUTH

**TAX INCREMENT FINANCING
REDEVELOPMENT PROJECT AND PLAN**

**(FORMERLY REFERRED TO AS
AMENDED CENTRAL STATION AREA
TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AND PLAN)**

**CITY OF CHICAGO
Richard M. Daley, Mayor**

MAY 24, 1994

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1. INTRODUCTION

Chicago's future and its continuing role as a world class city depends on its ability to build upon its strong assets while overcoming the threats and/or concerns relating to its future stability. Among Chicago's assets are: its beautiful lakefront setting; its magnificent system of parks, including Grant and Burnham parks; its viable business center; its many institutions, museums, universities and art galleries; the North Michigan Avenue shopping facilities; McCormick Place and Navy Pier; and its extensive neighborhood and community based cultural and economic organizations.

There are real problems which threaten Chicago. These problems include, but are not limited to, a pattern of out-migration by both major and minor corporations to the suburbs and to other states; a loss of convention business to other cities and other countries; the perception of a high incidence of crime; imbalances in public transportation services within the greater central area which continues to expand outward from the historic "Loop" business district; aging infrastructure; and the need to revitalize deteriorating, underutilized and undeveloped areas of the City.

The City of Chicago, working with the State of Illinois, has initiated bold steps in an effort to overcome some of the aforementioned problems, including programs to improve Chicago's educational system so students will be able to find meaningful employment after graduation. Within the greater central area additional steps have been taken, including the creation of the Metropolitan Pier and Exposition Authority, with Navy Pier improvements and an active effort directed toward expansion of the McCormick Place complex. Additional funding is being pursued by the City for planning and design of the Central Area Transit Circulator system (light rail transit system) to improve internal distribution and travel movements. A major redesign of the State Street Mall is planned, which, in conjunction with the new Harold Washington Library and other private developments along State Street will help revitalize this area.

Although the downtown and north and west sides of the central area have experienced dynamic new growth in office, hotel, entertainment and residential development, the Near South area generally south of Roosevelt Road and east of Michigan Avenue continues to decline. The Near South section of the greater central area is in significant need of revitalization and redevelopment. recent studies have verified that the majority of the properties from 12th Street to 16th Street, and from Michigan Avenue to Indiana Avenue are characterized by deterioration and obsolescence and the area east of Indiana Avenue contains abandoned railroad yards which remain undeveloped.

The City of Chicago has long been aware of the redevelopment potential of the entire area. In 1919, the City Council adopted an ordinance which mandated the implementation of Daniel Burnham's 1909 plan for the area. More recent planning efforts which singled out the near south area include the 1972 Lakefront Plan and the 1973 Chicago 21 Plan. The plans put forth recommendations for the near south similar to those proposed in this redevelopment plan such as the extension of Roosevelt Road and various public transit improvements. In 1986, the Department of Planning prepared a special Near South Development Plan. The plan recognized the unique assets of the area and its potential to link the lakeshore and museum campus with a revitalized Near South neighborhood. The plan recommended roadway extensions at Roosevelt Road, 16th Street, and McFetridge Avenue.

In general, the plan called for business development which would create jobs in the area, residential development to stabilize the area and cultural and recreational improvements as well.

However, despite the existence of such ordinances and plans, the Central Station Area Redevelopment Project Area (hereinafter designated and defined as the "Redevelopment Project Area") has historically 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, including the adoption of this Tax Increment Financing redevelopment project and Plan and the substantial investment of public funds. Historically, private investment has not occurred to any major extent in the south loop area except in those areas in which the City has made a substantial investment of public funds.

The City now has a very real opportunity to serve as a catalyst for the development of the Redevelopment Project Area, and has already begun taking steps in that direction. On March 1, 1990, the Chicago Plan Commission approved the Central Station guidelines for Development (the "Central Station Guidelines") for an aggressive and comprehensive development of mostly vacant land located generally within the eastern portion of the Redevelopment Project Area. On April 6, 1990, the City Council approved the Central Station Planned Development Amendment to the Chicago Zoning Ordinance (the "Central Station Plan of Development") for parts of the land covered by the Guidelines. With the City's assistance and guidance, development of this portion of the Redevelopment Project Area will open the lakeshore to previously isolated neighborhoods, and will spearhead increased housing and business opportunities not only in the Redevelopment Project Area, but also within the near south loop area as a whole. The City must take an additional step to accomplish its development goals for the Redevelopment Project Area – the City must adopt Tax Increment Financing to attract the private investment that is needed within the Redevelopment Project Area.

Tax Increment Financing

In January, 1977, tax increment financing ("TIF") was made possible by the Illinois General Assembly through passage of the **Tax Increment Allocation Redevelopment Act** (hereinafter referred to as the "Act"). The Act is found in Illinois Revised Statutes, Chapter 24, Section 11-74.4-1 et seq. as amended. 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 public redevelopment costs with incremental real estate tax revenues. Incremental real estate tax revenue ("tax increment revenue") is derived from the increase in the equalized assessed valuation ("EAV") of real property within the TIF redevelopment area over and above the certified initial EAV of the real property. Any increase in EAV is then multiplied by the current tax rate which results in tax increment revenue. A decline in current EAV does not result in a negative real estate tax increment.

To finance redevelopment costs a municipality may issue obligations secured by the anticipated tax increment revenue generated within the redevelopment 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 revenues by increasing tax rates; it generates revenues by allowing the municipality to capture, temporarily, new tax revenues resulting from redevelopment. Further, under tax increment financing, all taxing districts continue to receive the tax revenue they received prior to redevelopment from property in the area. Moreover, taxing districts can receive distributions of excess increment when more tax increment revenue is received than is necessary to pay for expected

redevelopment project costs and principal and interest obligations issued to pay such costs. Taxing districts also benefit from the increased property tax base after redevelopment project costs and obligations are paid.

The Central Station Area Tax Increment Redevelopment Plan and Project

This Central Station Area Tax Increment Redevelopment Plan and Project (hereinafter referred to as the "Redevelopment Plan") has been formulated in accordance with the provisions of the Act. It is a guide to all proposed public and private actions in the Redevelopment Project Area.

This Redevelopment Plan also specifically describes the Redevelopment Project Area and sets forth the blighting factors which qualify the Redevelopment Project Area for designation as a blighted area as defined in the Act.

In addition to describing the objectives of redevelopment, the Redevelopment Plan sets forth the overall program to be undertaken to accomplish these objectives. The "Redevelopment Project" as used herein means any development project which may, from time to time, be undertaken to accomplish the objectives of the Redevelopment Plan.

The Redevelopment Project represents one of the most important economic opportunities available for the City of Chicago. By creating an environment for private development, Chicago will strengthen its tax base and establish an atmosphere that creates and retains jobs and a real alternative for companies that might otherwise move to the suburbs or out of state. At the same time, the longstanding objective to complete a southern edge to Grant Park can be accomplished. The museum campus area can be connected to the central business district and other areas of the City through suitable improvements to traffic patterns and the transportation system that serves these facilities and areas.

For the first time, direct linkage between the lakefront and the area south of Roosevelt Road can be planned and provided. The extraordinarily important McCormick Place facility can be expanded and integrated into the downtown area. The Redevelopment Project Area provides the vital connection for the museum campus and McCormick Place with the rest of the City.

The goal of the City of Chicago, however, is to ensure that the entire Redevelopment Project Area be redeveloped on a comprehensive and planned development basis in order to ensure that new development occurs:

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

Redevelopment of the Redevelopment Project Area is one of the largest of its kind in the United States, and it presents challenges and opportunities commensurate with its scale. The success of this effort will depend to a large extent on the cooperation between the private sector and agencies of local government. The

adoption of this Redevelopment Plan will make possible the implementation of a comprehensive program for the redevelopment of the Redevelopment Project Area. By means of public investment, the area will become a stable environment that will again attract private investment. Public investment will set the stage for the rebuilding of the area with private capital.

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

Amendment - April 1994

Section 1, Introduction, is amended to include the following additional statements:

During the process of implementing the Central Station Area Redevelopment Project and Plan (the "Original Redevelopment Project and Plan"), it has become evident that changes in the boundaries of the Redevelopment Project Area (the "Original Redevelopment Project Area"), and in the development program are necessary in order to facilitate achievement of the purpose and objectives of the Original Redevelopment Project and Plan as adopted on November 28, 1990. The area to be added to the original Redevelopment Project Area is referred to as the "Amended Area" and is generally bounded by Congress Parkway on the north; Michigan Avenue, Indiana Avenue and Calumet Avenue on the east; the Michigan-Cermak Redevelopment Tax Increment Financing Project on the south; and State Street on the west. The "Original Redevelopment Project Area" together with the "Amended Area" is renamed and hereinafter referred to as the "Near South Redevelopment Project Area". The Near South Redevelopment Project Area is geographically illustrated in Figure 1, Boundary Map.

The Amended Area consists of approximately 248.4 acres, encompassing thirty-eight full and partial city blocks, and various street and alley rights-of-way. This area contains vacant land, vacant and deteriorating buildings, numerous older and obsolete commercial and industrial buildings, underutilized sites and street, sidewalks and alleys in a deteriorating condition.

This Amended Area is found to be eligible for designation as a "Blighted Area" pursuant to the definition contained within the Tax Increment Allocation Redevelopment Act of the State of Illinois, as supplemented and amended from time to time (the "Act"), to overcome conditions of blight and obsolescence and to improve the economic and physical well-being of the City.

The Amended Area initially developed without the benefit or guidance of overall community planning. The inclusion of the Amended Area is necessary to stimulate redevelopment of certain properties as well as make certain public infrastructure improvements to create and sustain a positive environment for private investment, thereby preventing the decline of properties within this area which may impair the growth of the tax base of taxing districts having taxing jurisdiction over the Amended Area.

the addition of the Amended Area to the Redevelopment Project Area will permit improved coordination of redevelopment/revitalization projects and related public infrastructure improvements for all projects

within the Redevelopment Project Area. The Amended Area is physically and functionally related to other properties within the Redevelopment Project Area and will be substantially benefitted by the redevelopment project actions and improvements. The Amended Area functions as part of the greater Central Station Area which is included in the Original Redevelopment Project Area.

Timely and coordinated public and private investment within the Amended Area will be possible only if tax increment financing is adopted pursuant to the Act. The Amended Area includes only those contiguous parcels of real property and improvements thereon substantially benefitted by the Redevelopment Project.

Figure 1, Project Boundary Map, is revised to include the amended area.

2. REDEVELOPMENT PROJECT AREA DESCRIPTION

The boundaries of the Near South Redevelopment Project Area (hereinafter referred to as the "Redevelopment Project Area") have been carefully drawn to include only those contiguous parcels of real property and improvements thereon substantially benefitted by the proposed redevelopment project improvements to be undertaken as part of this Redevelopment Plan. The boundaries are more specifically shown in Figure 1, Boundary Map, and more particularly described as follows:

THOSE PARTS OF THE SOUTHWEST QUARTER OF FRACTIONAL SECTION 15, THE NORTHWEST QUARTER OF FRACTIONAL SECTION 22 AND THE EAST HALF OF THE SOUTHWEST FRACTIONAL QUARTER OF SAID SECTION 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING ON THE WEST LINE OF SOUTH MICHIGAN AVENUE, AT THE INTERSECTION OF SAID LINE WITH THE NORTH LINE OF EAST 11TH STREET, AND RUNNING;

THENCE EAST ALONG THE EASTWARD EXTENSION OF THE SAID NORTH LINE OF EAST 11TH STREET, TO THE EASTERLY RIGHT-OF-WAY LINE OF SOUTH COLUMBUS DRIVE;

THENCE SOUTHWARDLY, ALONG SAID EASTERLY RIGHT-OF-WAY LINE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE AFORESAID NORTH LINE OF EAST ROOSEVELT ROAD;

THENCE EAST ALONG SAID EASTWARD EXTENSION OF ROOSEVELT ROAD TO THE EASTERLY RIGHT-OF-WAY LINE OF THE SOUTH BOUND LANES OF SOUTH LAKE SHORE DRIVE;

THENCE SOUTHWESTWARDLY, SOUTHWARDLY AND SOUTHEASTWARDLY ALONG THE EASTERLY RIGHT-OF-WAY LINE OF SAID SOUTH BOUND LANES TO AN INTERSECTION WITH THE EASTWARDLY EXTENSION OF A LINE WHICH IS 1500 FEET NORTHERLY FROM AND PARALLEL WITH THE NORTHERLY LINE OF THE EAST 23RD STREET VIADUCT STRUCTURE;

THENCE WESTWARDLY ALONG SAID LINE WHICH IS 1500 FEET NORTHERLY FROM AND PARALLEL WITH THE NORTHERLY LINE OF SAID 23RD STREET VIADUCT, TO THE WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

THENCE NORTHWARDLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE A DISTANCE OF 1625 FEET, MORE OR LESS, TO THE NORTHEAST CORNER OF LOT 1 IN E.L. SHERMAN'S SUBDIVISION OF LOTS 4, 5 AND 6 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO IN THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 22, AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT 1, AND ALONG SAID NORTH LINE EXTENDED WEST A DISTANCE OF 186 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH PRAIRIE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH PRAIRIE AVENUE A DISTANCE OF 84 FEET, MORE OR LESS, TO THE SOUTHEAST CORNER OF LOT 5 IN ASSESSOR'S DIVISION OF LOTS 1, 2, AND 3 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 5 A DISTANCE OF 177 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH A LINE WHICH IS THE EAST LINE OF A 20 FOOT WIDE ALLEY;

THENCE NORTH ALONG SAID EAST LINE OF THE 20 FOOT WIDE ALLEY A DISTANCE OF 92 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 16TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF EAST 16TH STREET, A DISTANCE OF 263.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH INDIANA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH INDIANA AVENUE, A DISTANCE OF 1407.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 14TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF EAST 14TH STREET, A DISTANCE OF 441.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH MICHIGAN AVENUE, A DISTANCE OF 1955.00 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

Amendment - April 1994

Section 2, Redevelopment Project Area Description, is amended to include the following legal description of the Amended Area:

A TRACT OF LAND COMPRISED OF A PART OF EACH OF SECTIONS 15, 16, 21, AND 22, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN IN THE CITY

OF CHICAGO, COOK COUNTY, ILLINOIS WHICH TRACT OF LAND IS BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SOUTH MICHIGAN AVENUE WITH THE NORTH LINE OF EAST 11TH STREET BEING ALSO THE SOUTHEAST CORNER OF BLOCK 20 IN THE FRACTIONAL SECTION 15 ADDITION TO CHICAGO AND RUNNING;

THENCE EAST ALONG THE EASTWARD EXTENSION OF SAID NORTH LINE OF EAST 11TH STREET A DISTANCE OF 130.00 FEET, MORE OR LESS, TO THE EAST LINE OF SOUTH MICHIGAN AVENUE AS IMPROVED AND OCCUPIED;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH MICHIGAN AVENUE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF EAST 8TH STREET;

THENCE WEST ALONG SAID EASTWARD EXTENSION AND ALONG THE NORTH LINE OF EAST 8TH STREET TO AN INTERSECTION WITH THE EAST LINE OF SOUTH WABASH AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO AN INTERSECTION WITH THE SOUTH LINE OF EAST BALBO STREET;

THENCE EAST ALONG SAID SOUTH LINE OF EAST BALBO STREET AND ALONG THE EASTWARD EXTENSION THEREOF TO AN INTERSECTION WITH SAID EAST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE AND ALONG THE NORTHWARD EXTENSION OF SAID EAST LINE TO AN INTERSECTION WITH THE EASTWARD EXTENSION OF THE NORTH LINE OF EAST CONGRESS PARKWAY;

THENCE WEST LONG SAID EASTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID EAST CONGRESS PARKWAY TO THE INTERSECTION WITH THE EAST LINE OF SOUTH STATE STREET;

THENCE WEST ALONG A STRAIGHT LINE TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET AND THE NORTH LINE OF WEST CONGRESS PARKWAY;

THENCE WEST ALONG THE NORTH LINE OF WEST CONGRESS PARKWAY TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE WEST LINE OF SOUTH PLYMOUTH COURT;

THENCE SOUTH ALONG SAID NORTHWARD EXTENSION AND ALONG THE WEST LINE OF SOUTH PLYMOUTH COURT TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF LOT 8 IN C.L.&I. HARMON'S SUBDIVISION OF

BLOCK 137 OF SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16, AFORESAID;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE SOUTH LINE OF SAID LOT 8 TO AN INTERSECTION WITH THE WEST LINE OF THE PUBLIC ALLEY, 12 FEET WIDE AS OPENED BY THE CITY COUNCIL PROCEEDINGS IN SAID BLOCK 137;

THENCE SOUTH ALONG THE WEST LINE OF SAID PUBLIC ALLEY AND THE SOUTHWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE SOUTH LINE OF WEST HARRISON STREET;

THENCE EAST ALONG THE SOUTH LINE OF THE WEST HARRISON STREET TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET, SAID INTERSECTION BEING ALSO THE NORTHEAST CORNER OF LOT 1 IN THE SUBDIVISION OF BLOCK 136 OF SAID SCHOOL SECTION ADDITION TO CHICAGO IN SECTION 16;

THENCE SOUTH ALONG SAID WEST LINE OF SAID STATE STREET TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF SUBLOT 2 OF LOT 3 IN BLOCK 15 IN CANAL TRUSTEES SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID SOUTH LINE OF SUBLOT 2 TO AN INTERSECTION WITH THE WEST LINE OF THE STRIP OF LAND, 30 FEET WIDE, WHICH RUNS NORTH AND SOUTH THROUGH SAID BLOCK 15;

THENCE SOUTH ALONG SAID WEST LINE OF THE STRIP OF LAND, 30 FEET WIDE, TO AN INTERSECTION WITH THE NORTH LINE OF EAST 8TH STREET;

THENCE WEST ALONG THE NORTH LINE OF EAST 8TH STREET AND ALONG THE WESTWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE WEST LINE OF SOUTH STATE STREET;

THENCE SOUTH ALONG THE WEST LINE OF SOUTH STATE STREET TO AN INTERSECTION WITH THE WESTWARD EXTENSION OF THE SOUTH LINE OF EAST 21ST STREET;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID SOUTH LINE OF EAST 21ST STREET TO THE NORTHWEST CORNER OF LOT 1 IN BLOCK 28 IN CURLEY'S SUBDIVISION OF BLOCK 28 OF THE ASSESSOR'S DIVISION OF THE SOUTHWEST FRACTIONAL QUARTER OF SAID SECTION 22;

THENCE SOUTH ALONG THE WEST LINE OF SAID LOT 1 AND THE WEST LINE OF LOT 2 IN SAID BLOCK 28 IN CURLEY'S SUBDIVISION TO THE NORTHWEST CORNER OF THE SOUTH 25 FEET OF SAID LOT 2;

THENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 25 FEET OF LOT 2 OF THE EAST LINE OF SOUTH WABASH AVENUE

(SAID EAST LINE OF SOUTH WABASH AVENUE BEING THE WEST LINE OF BLOCK 27 IN CURLEY'S SUBDIVISION AFORESAID);

THENCE NORTH ALONG SAID EAST LINE OF SOUTH WABASH AVENUE TO THE NORTH LINE OF THE SOUTH 30 FEET OF LOT 19 IN SAID BLOCK 27;

THENCE EAST ALONG THE NORTH LINE AND THE NORTH LINE EXTENDED EAST OF SAID SOUTH 30 FEET OF LOT 19 TO THE CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 12 FEET WIDE, LYING EAST OF AND ADJOINING SAID LOT 19; -

THENCE SOUTH ALONG SAID NORTH AND SOUTH CENTERLINE TO THE CENTERLINE EXTENDED WEST OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG SAID CENTERLINE OF THE EAST AND WEST 25.8 FEET WIDE PUBLIC ALLEY, AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE WEST LINE OF LOT 5 IN SAID BLOCK 27;

THENCE SOUTH ALONG SAID WEST LINE OF LOT 5 TO THE NORTHWEST CORNER OF LOT 6 IN SAID BLOCK 27;

THENCE EAST ALONG THE NORTH LINE OF LOT 6 IN SAID BLOCK 27 AND ALONG SAID NORTH LINE EXTENDED EAST TO THE EAST LINE OF SOUTH MICHIGAN AVENUE (SAID EAST LINE OF SOUTH MICHIGAN AVENUE BEING ALSO THE WEST LINE OF BLOCK 26 IN SAID CURLEY'S SUBDIVISION);

THENCE SOUTH ALONG THE EAST LINE OF SOUTH MICHIGAN AVENUE TO THE NORTH LINE OF THE SOUTH 25 FEET OF LOT 12 IN SAID BLOCK 26;

THENCE EAST ALONG THE NORTH LINE AND SAID NORTH LINE EXTENDED EAST OF THE SOUTH 25 FEET OF LOT 12 TO THE CENTERLINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 18 FEET WIDE IN SAID BLOCK 26;

THENCE NORTH ALONG SAID CENTERLINE TO THE WESTWARD EXTENSION OF THE NORTH LINE OF LOT 3 IN SAID BLOCK 26;

THENCE EAST ALONG SAID WESTWARD EXTENSION AND ALONG THE NORTH LINE OF SAID LOT 3 AND ALSO ALONG THE EASTWARD EXTENSION THEREOF, TO THE EAST LINE OF SOUTH INDIANA AVENUE (SAID EAST LINE OF SOUTH INDIANA AVENUE BEING ALSO THE WEST LINE OF BLOCK 25 IN SAID CURLEY'S SUBDIVISION);

THENCE NORTH ALONG SAID EAST LINE OF SOUTH INDIANA TO THE NORTH LINE OF THE SOUTH 10 FEET OF LOT 17 IN BLOCK 25 IN SAID CURLEY'S SUBDIVISION;

THENCE EAST LONG SAID NORTH LINE OF THE SOUTH 10 FEET OF LOT 17 AND ALONG THE EASTWARD EXTENSION THEREOF TO THE EAST LINE OF THE NORTH AND SOUTH PUBLIC ALLEY, 18 FEET WIDE IN SAID BLOCK 25;

THENCE SOUTH ALONG SAID EAST LINE TO THE NORTH LINE OF THE SOUTH 24.8 FEET OF LOT 3 IN SAID BLOCK 25;

THENCE EAST ALONG SAID NORTH LINE OF THE SOUTH 24.8 FEET OF LOT 3 AND ALONG THE EASTWARD EXTENSION THEREOF TO THE EAST LINE OF SOUTH PRAIRIE AVENUE (SAID EAST LINE OF SOUTH PRAIRIE AVENUE BEING THE WEST LINE OF BLOCK 24 IN CURLEY'S SUBDIVISION, AFORESAID);

THENCE NORTH ALONG SAID EAST LINE OF SOUTH PRAIRIE AVENUE TO THE SOUTH LINE OF EAST 21ST STREET;

THENCE EAST ALONG THE SOUTH LINE OF EAST 21ST STREET AND ALONG THE EASTWARD EXTENSION THEREOF TO AN INTERSECTION WITH THE EAST LINE OF SOUTH CALUMET AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF SOUTH CALUMET AVENUE TO AN INTERSECTION WITH THE ORIGINAL WESTERLY RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD;

THENCE NORTHWARDLY ALONG SAID WESTERLY RIGHT-OF-WAY LINE TO THE NORTHEAST CORNER OF LOT 1 IN E.L. SHERMAN'S SUBDIVISION OF LOTS 4, 5 AND 6 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO, IN THE SOUTHWEST FRACTIONAL QUARTER OF SECTION 22, AFORESAID;

THENCE WEST ALONG THE NORTH LINE OF SAID LOT 1, AND ALONG SAID NORTH LINE EXTENDED WEST, A DISTANCE OF 186.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH PRAIRIE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH PRAIRIE AVENUE, A DISTANCE OF 84.00 FEET MORE OR LESS, TO THE SOUTHEAST CORNER OF LOT 5 IN ASSESSOR'S DIVISION OF LOTS 1, 2 AND 3 IN BLOCK 1 OF CLARKE'S ADDITION TO CHICAGO AFORESAID;

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT 5 A DISTANCE OF 177 FEET, MORE OR LESS, TO THE POINT OF INTERSECTION WITH A LINE WHICH IS THE EAST LINE OF A 20.00 FOOT WIDE ALLEY;

THENCE NORTH ALONG SAID EAST LINE OF SAID ALLEY, A DISTANCE OF 92.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 16TH STREET;

THENCE WEST ALONG SAID THE SOUTH LINE OF EAST 16TH STREET, A DISTANCE OF 263.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH INDIANA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH INDIANA AVENUE, A DISTANCE OF 1407.00 FEET, MORE OR LESS, TO THE SOUTH LINE OF EAST 14TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF EAST 14TH STREET, A DISTANCE OF 441.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF SOUTH MICHIGAN AVENUE A DISTANCE OF 1459.00 FEET, MORE OR LESS, TO AN INTERSECTION WITH THE NORTH LINE OF THE SOUTH 10.00 FEET OF SUBLOT 1 OF LOT 12 IN BLOCK 21 IN CANAL TRUSTEE'S SUBDIVISION OF LOTS IN FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE WEST ALONG SAID NORTH LINE OF THE SOUTH 10.00 FEET OF SUBLOT 1, A DISTANCE OF 171.00 FEET, MORE OR LESS, TO THE EAST LINE OF THE PUBLIC ALLEY, 20.00 FEET WIDE, IN SAID BLOCK 21;

THENCE NORTH ALONG SAID EAST LINE, A DISTANCE OF 350.00 FEET, MORE OR LESS TO THE SOUTH LINE OF ORIGINAL LOT 1 IN BLOCK 21 IN THE FRACTIONAL SECTION 15 ADDITION TO CHICAGO;

THENCE EAST ALONG SAID SOUTH LINE, A DISTANCE OF 171.00 FEET, MORE OR LESS, TO THE WEST LINE OF SOUTH MICHIGAN AVENUE;

THENCE NORTH ALONG SAID WEST LINE AND THE NORTHWARD EXTENSION THEREOF, A DISTANCE OF 146.00 FEET MORE OR LESS, TO THE POINT OF BEGINNING.

3. REDEVELOPMENT PROJECT AREA GOALS AND POLICIES

Managed growth in the form of investment in new development and facilities is essential in the Redevelopment Project Area. Redevelopment efforts in the Redevelopment Project Area will strengthen the entire City through environmental improvements, increased tax base and additional employment opportunities.

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

This section of the Redevelopment Plan identifies the goals and policies of the City for the Redevelopment Project Area. A later section of this Redevelopment Plan identifies the more specific program which the City plans to undertake in achieving the redevelopment goals and policies which have been identified.

A. General Goals

- Provide infrastructure improvements within the Redevelopment Project Area.
- encourage commercial and industrial development by eliminating the influences and manifestations of physical and economic deterioration and obsolescence within the Redevelopment Project Area.
- Provide south economic development in the Redevelopment Project Area.

- Revitalize the Redevelopment Project Area to establish it as an important activity center contributing to the regional and national focus of the central business district.
- Create an environment within the Redevelopment Project Area which will contribute to the health, safety, and general welfare of the City, and preserve or enhance the value of properties adjacent to the Redevelopment Project Area.
- Provide an increased sales tax basis for the City of Chicago, the State of Illinois and other taxing districts extending into the Redevelopment Project Area.

B. Policies

- Encourage a mixture of uses and scales of development that provide a transition from higher densities found in the Loop to the lower densities of the Near South Side.
- Expand the residential population of the Near South Side and encourage housing types that accommodate a diverse economic and social mix of residents.
- Provide better access between the South and Near South Sides and the downtown and lakefront through creation of better and more frequent east-west and north-south links.
- Extend the public features of Chicago's historic boulevard system along Michigan and Indiana Avenues.
- Accommodate the reconstruction of Lake Shore Drive as a two-way parkway on the west side of the Field Museum, with an ample landscape edge.
- Design an internal street network that is clear, direct, and easily accessible to the public.
- Design a street and block plan which integrates the Near South Side with the lakefront.
- Complete the south end of Grant Park.
- Apply the policies of the Lakefront Plan of Chicago.
- Provide formal open spaces that relate to Grant Park and Burnham Park and are connected by the pedestrian street network.
- Provide sufficient parks and recreational areas related to the needs of new Near South Side residents.
- Promote a quality, attractive environment compatible with the museum complex in Burnham Park, provide greater access to Burnham Park from downtown and the community to the west, and enhance the park setting of the museums.
- Present active and appropriately designed edges to the communities on all sides, especially towards Grant Park, Lake Shore Drive, and Michigan Avenue.
- Respect the prominent architectural quality of the museum complex in Burnham Park and the Michigan Avenue streetwalls.
- Enhance the Prairie Avenue Historic District by improving the accessibility and image of the surrounding community and by creating connections between the District and the Burnham Park museum complex.
- Protect and frame important views and vistas through the site.
- Encourage active, landscaped pedestrian-oriented streets.
- Encourage a predominant use of public transportation and improve public transportation services to the Central Station site and the surrounding community.
- Promote the development of a Central Area Transit Circulator system connecting the downtown with McCormick Place and the Museums.
- Provide adequate facilities for circulation within and through the site for pedestrians, public transit, and private vehicles.
- Promote development which employs the most efficient use of energy resources.
- Ensure provision of associated parks, open spaces and public facilities on a schedule

- coordinated with the pace of private development.
- Promote the design and construction of public infrastructure which encourages quality development.
- Give funding and scheduling priority to improvements which provide the greatest benefit to the general public.

Amendment - April 1994

Section 3, Redevelopment Project Area Goals and Policies, is amended to include the following additional policies:

- Maintain the Michigan Avenue "streetwall" by encouraging infill developments that are compatible with the architectural character and heights of existing structures.
- Encourage the rehabilitation or conversion of vacant buildings into residential, commercial and arts/cultural space within the Prairie Avenue area. Support the concept of the Arts District as a catalyst for future mixed-use developments.

4. BLIGHTED AREA CONDITIONS EXISTING IN THE REDEVELOPMENT PROJECT AREA

The Redevelopment Project Area includes improved areas and vacant areas as defined in the Act.

Within the improved portion of the area it must be demonstrated that because of the combination of five or more of the factors described in the Act, the area is detrimental to the public safety, health, morals or welfare. Based upon surveys, inspections and analysis of the area, the Redevelopment Project Area qualifies for designation as a "blighted area" as defined by the Act.

- Of the fourteen (14) factors set forth in the Act for improved areas, ten are present in the area.

Within the vacant portion of the area it must be demonstrated that the sound growth of the taxing districts is impaired by at least one of the seven factors described in the Act.

- The vacant land area qualifies for designation as a "blighted area" on the basis that the area consists of unused railyards, rail tracks or railroad rights-of-way.

The factors present are reasonably distributed throughout the area.

All blocks within the area show the presence of blight factors.

The Redevelopment Project Area includes only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

A separate report titled Central Station Area Redevelopment Project - TIF Area eligibility Report describes in detail the surveys and analysis undertaken and the basis for the finding that the Redevelopment Project Area qualifies as a "blighted area" as defined by the Act. The factors listed below and shown in Figure 2, Summary of Blight Factors, are present in the Redevelopment Project Area.

Improved Area Factors

the improved area includes all of the blocks located west of Indiana Avenue and the railroad property currently operated by Metra and located along the eastern edge of the project area, adjacent to Lake Shore Drive.

1. **Age**
Age as a factor is present to a major extent throughout the improved blocks. Of the 17 total buildings in the improved area, 16 (94 percent) are 35 years of age or older.
2. **Dilapidation**
Dilapidation as a factor is present to a major extent in one block, and to a limited extent in one block. Dilapidation includes 4 buildings that are in a structurally sub-standard condition.
3. **Obsolescence**
Obsolescence as a factor is present to a major extent throughout the improved area. Conditions contributing to this factor include obsolete buildings and obsolete platting. Eight buildings are characterized by obsolescence, of which 3 are vacant and 3 are partially vacant.
4. **Deterioration**
Deterioration as a factor is present to a major extent throughout the improved area. Conditions contributing to this factor include deteriorating structures, deteriorating off-street parking and storage areas and site surface areas, and deteriorating alleys, street pavement, curbs, gutters, sidewalks and the Indiana Avenue viaduct. Thirteen of the 17 buildings are characterized by deterioration.
5. **Existence of Structures Below Minimum Code**
Existing of structures below minimum code standards is present to a major extent in one block and to a limited extent in one block. Structures below minimum code include all structures in deteriorating or dilapidated condition which are below the City's code standards for existing buildings.
6. **Excessive Vacancies**
Excessive vacancies as a factor is present to a major extent in one block and to a limited extent in one block. Three buildings contain vacant floors and 3 buildings are entirely vacant.
7. **Excessive Land Coverage**
Excessive land coverage as a factor is present to a major extent in one block of the area. Conditions contributing to this factor include parcels where buildings cover more than sixty percent of their respective sites, restricting provisions for off-street parking, loading and service. A total of 12 building sites are impacted by this factor.
8. **Deleterious Land-Use or Layout**
Deleterious land-use or layout is present to a major extent in two of the 3 blocks of the improved area. conditions contributing to this factor include parcels of limited size. Twenty-six of the parcels within the Redevelopment Project Area exhibit this factor.

9. **Depreciation of Physical Maintenance**

Depreciation of physical maintenance is present to a major extent throughout the improved area. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and storage areas, and site improvements including streets, alleys, walks, curbs, gutters and one viaduct.

10. **Lack of Community**

Lack of community planning is present to a major extent throughout the improved area. Conditions contributing to this factor include incompatible land-use relationships, parcels of inadequate size or irregular shape for contemporary development in accordance with current day needs and standards, and the lack of reasonable development controls for building setbacks, off-street parking and loading.

Vacant Area Factors

The vacant land area is located east of Indiana Avenue from 11th Place to approximately 16th Street, and west of the railroad property used for the Illinois Central METRA commuter service. This vacant area consists of unused railyards, rail tracks or railroad rights-of-way. It is the former location of active rail lines and numerous railroad-related uses, including an office building, passenger terminal, train sheds, round houses, machine shops, baggage room, power house and miscellaneous support buildings. All of the buildings and tracks have been abandoned and the buildings demolished.

Amendment - April 1994

Section 4, Blighted Area Conditions Existing in the Redevelopment Project Area, is amended to add the following description of blighted conditions in the Amended Area:

The purpose of this section is to describe the conditions that exist within the Amended Area which qualify the Amended Area for designation as a "blighted area" within the definitions set forth in the Tax Increment Allocation Redevelopment Act (The "Act"). The Act is found in Illinois Revised Statutes, Chapter 24, Section 11-74-4.1 et. seq., as amended.

A report entitled Tax Increment Redevelopment Project Eligibility Report for the Central Station Area was prepared for the City of Chicago in July, 1990 by Trkla, Pettigrew, Allen & Payne, Inc. Studies and analyses completed in 1990, and documented as part of the Eligibility Report, provided the basis for a finding by the City of Chicago that the Original Redevelopment Project Area of approximately 127 acres qualified for designation as a "blighted area" as defined in the Act.

The Amended Area contains approximately 248.4 acres, including approximately 92.6 acres of street and alley rights-of-way, and approximately 155.9 acres of parcels within 38 blocks located in the Amended area. The Amended Area is located immediately west of the Original Redevelopment Project Area, and is generally bounded on the north by Congress Parkway, on the south by 21st Street, on the west by State Street, and on the east by Michigan Avenue (between Congress Parkway and 14th Street), Indiana Avenue (between 14th and 16th Streets), and the Illinois Central Railroad right-of-way (between 16th and Fullerton Streets).

The Amended Area is an improved area for the purpose of determining eligibility as defined in the Act. Within an improved area it must be demonstrated that because of the combination of five or

more of the factors described in the Act, the area is detrimental to the public safety, health, morals, or welfare.

While it may be concluded that the mere presence of the minimum number of stated factors is sufficient to make a finding of blight, the following evaluation was made on the basis that the 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 blighting factors throughout the study area must be reasonable so that basically good areas are not arbitrarily found to be blighted simply because of their proximity to areas which are blighted.

On the basis of this approach, all or any part of the Amended area is found to be eligible within the definition set forth in the Act, specifically:

- Of the fourteen factors set forth in the Act for improved areas, ten are present in the Amended Area.
- The blight factors which are present are reasonably distributed throughout the Amended Area.
- All blocks within the Amended Area show the presence of blight factors.
- The Amended Area includes only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

The blight factors present in the Amended Area are indicated below. It should be noted that the definitions of blight factors listed below are the same as set forth in the Central Station Tax Increment Redevelopment Project Eligibility Report prepared in July 1990 by TPAP for the purpose of determining the eligibility of the Original Redevelopment Project Area.

The following blighting factors are present in the Amended Area:

1. **Age**
Age as a factor is present to a major extent. Fifty percent or more of the buildings are 35 years of age or older in 34 of the 38 blocks that comprise the Amended Area.
2. **Dilapidation**
Dilapidation is present to a limited extent. Of 297 buildings within the Amended Area, 25 or 8.4 percent are dilapidated.
3. **Obsolescence**
Obsolescence as a factor is present to a major extent. Characteristics include obsolete platting, obsolete parcels and obsolete buildings.
4. **Deterioration**
Deterioration as a factor is present to a major extent throughout the Amended Area. Contributing to this factor include deteriorating structures, deteriorating off-street parking and storage areas, and deteriorating street surfaces, curbs, gutters and alleys. Of the total 297 buildings, 213, or 72 percent, evidence varying degrees of deterioration.

5. **Existence of Structures Below Minimum Code**
Existence of structures below minimum code standards is present to a moderate extent. Advanced defects in thirty percent of the buildings are below the City's maintenance and other codes for existing building.
6. **Excessive Vacancies**
Excessive vacancies as a factor is present to a major extent in twenty-one blocks and to a moderate extent in eleven of the thirty-eight blocks.
7. **Excess Land Coverage**
Excessive land coverage is present to a major extent affecting close to 79 percent of the buildings within the Amended Area.
8. **Deleterious Land-Use or Layout**
Deleterious land-use or layout is present to a major extent throughout the Amended Area. Conditions contributing to this factor include parcels of limited narrow size, parcels of irregular shape and incompatible uses.
9. **Depreciation of Physical Maintenance**
Depreciation of physical maintenance is present to a major extent. Conditions contributing to this factor include deferred maintenance and lack of maintenance of buildings, parking and surface storage areas, and site improvements, including streets, alleys, curbs and sidewalks.
10. **Lack of Community Planning**
Lack of community planning is present to a major extent throughout the Amended Area. Conditions contributing to this factor include parcels of inadequate size or irregular shape for contemporary development in accordance with current day needs and standards, the existence of incompatible or mixed land-uses and the lack of reasonable development controls for building setbacks and off-street parking. Additionally, the Amended Area developed without the benefit of community planning guidelines and standards.

Figure 2, Distribution of Blight Factors by Block, is revised to include the Amended Area.

The analysis above is based upon data assembled by representatives of the City and surveys and analyses conducted by Trkla, Pettigrew, Allen & Payne, Inc. The surveys and analyses conducted include:

1. Exterior survey of the condition and use of each building;
2. Field survey of environmental conditions covering streets, sidewalks, curbs and gutters, lighting, traffic, parking facilities, landscaping, fences and walls, and general property maintenance;
3. Analysis of existing uses and their relationships;
4. comparison of current land use to current zoning ordinance and the current zoning map;
5. Comparison of surveyed buildings to property maintenance and other codes of the City;
6. Analysis of original and current platting and building size and layout;
7. Analysis of building floor area and site coverage; and
8. Review of previously prepared plans, studies and data.

5. NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT

This section presents the overall program to be undertaken by the City of Chicago or by private developers acting under redevelopment agreements with the City. It includes a description of redevelopment plan and project objectives, a description of redevelopment activities, a general land-use plan, estimated redevelopment project costs, a description of sources of funds to pay redevelopment project costs, a description of obligations that may be issued, identification of the most recent equalized assessed valuation of properties in the Redevelopment Project Area, and an estimate of anticipated equalized assessed valuation.

In the event the City determines that implementation of certain activities or improvements is not feasible, the City may reduce the scope of the overall program and Redevelopment Project.

Redevelopment Objectives

- Reduce or eliminate those conditions which qualify the Redevelopment Project Area as a blighted area. Section 4 of this Redevelopment Plan, Blighted Area Conditions Existing in the Redevelopment Project Area, describes existing blighting conditions.
- Strengthen the economic well-being of the Redevelopment Project Area and the City by increasing business activity, taxable values, and job opportunities.
- Assemble land into parcels functionally adaptable with respect to shape and size for disposition and redevelopment in accordance with contemporary development needs and standards.
- Create an environment which stimulates private investment in new construction, expansion, and rehabilitation.
- Achieve development which is integrated both functionally and aesthetically with nearby existing development, and which contains a complementary mix of uses.
- Encourage a high-quality appearance of buildings, rights-of-way, and open spaces, and encourage high standards of design.
- Provide sites for needed public improvements or facilities in proper relationship to the projected demand for such facilities and in accordance with accepted design criteria for such facilities.
- Provide needed incentives to encourage a broad range of improvements in both rehabilitation and new development efforts.
- Encourage the participation of minorities and women in professional and investment opportunities involved in the development of the Redevelopment Project Area.
- Implement and achieve the Redevelopment Project Area Goals and Policies as set forth in Section 3 of this Redevelopment Plan.

Redevelopment Plan and Project Activities

The City proposes to achieve its redevelopment goals, policies and objectives for the Redevelopment Project through public financing techniques including tax increment financing and by undertaking some or all of the following actions:

1. Property Acquisition, Site Preparation, Demolition and Relocation

Property acquisition and land assembly by private sector for redevelopment in accordance with this Redevelopment Plan will be encouraged. To achieve the renewal of the Redevelopment Project Area, property identified in Development Program. Figure 3, attached hereto and made a part hereof, may be acquired by purchase, exchange or long-term lease by the City of Chicago and cleared of all improvements and either (a) sold or leased for private redevelopment, or (b) sold, leased or dedicated for construction of public improvements or recreational facilities. The City may determine that to meet the goals, policies or objectives of this Redevelopment Plan property may be acquired where: a) the current use of the property is not permitted under this Redevelopment Plan; b) the exclusion of the property from acquisition would have a detrimental effect on the disposition and development of adjacent and nearby property; or c) the owner or owners are unwilling or unable to conform the property to the land-use and development objectives of this Redevelopment Plan. Further, the City may required written redevelopment agreements with developers before acquiring any properties.

Clearance and demolition activities will, to the greatest extent possible, be timed to coincide with redevelopment activities so that tracts of land do not remain vacant for extended periods and so that the adverse effects of clearance activities may be minimized. Clearance and demolition activities will include demolition of buildings, breaking-up and removal of old foundations, excavation and removal of soil and other materials to create suitable sites for new development and to provide for storm drainage.

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

As an incidental but necessary part of the redevelopment process, the City may devote property which it has acquired to temporary uses until such property is scheduled for disposition and redevelopment.

Acquisition activities include acquisition of property (1) to accommodate the realignment of Lake Shore Drive and to make improvements to other thoroughfares (2) to permit the more efficient construction of infrastructure over the METRA tracks, (3) to provide a site for a district heating/cooling plant, if appropriate, and (4) to provide for additional property acquisition in support of private development proposals. Further, demolition of structures (including railroad structures) and protection/relocation of existing utilities and freight tunnels in contemplated. Relocation services in conjunction with property acquisition will be provided in accordance with City policy.

2. Provision of Public Improvements

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

a. **Roadways, and Related Improvements**

A range of individual roadway improvement projects from repair and resurfacing through construction of new roads on structures in air rights will be undertaken. Public sewers, water lines, and City electrical services for lighting and signals are to be upgraded or installed new in each improved roadway segment as needed. The complexities and constraints associated with roadway construction in air rights over an operating railroad have been taken into account in estimating costs. The principal roadways affected are Columbus Drive, Roosevelt Road, Indiana Avenue, 13th Street, 14th Street, 15 Street, as well as segments of other street. Virtually all of these improvements are anticipated in the Central Station Guidelines.

b. **Special Utility Improvement**

Construction of a substantial storm sewer is planned for a 16th Street alignment to extend from Lake Shore Drive west through the Redevelopment Project Area to the Chicago river. This sewer will provide relief to the combined sewer system serving the area, reduce or eliminate flooding in the area, and will have capacity to drain storm water on Lake Shore Drive in the vicinity of the Redevelopment Project Area.

c. **Parks and Open Space**

Construction of both parks and open spaces will be undertaken. McFetridge Park at 14th/Indiana, and a portion of the addition to Grant Park on the north side of Roosevelt will be built. These improvements are anticipated in the Central Station Guidelines.

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

Separate or combined programs designed to increase the skills of the labor force to take advantage of the employment opportunities within the Redevelopment Project Area will be implemented. This will be particularly important in conjunction with development of international trade operations and related services.

4. **Analysis, Administration, Studies, Surveys, Legal, et al.**

Activities include the long-term management of the TIF Program as well as the costs of establishing the Program and designing its components.

5. **Redevelopment Agreements**

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

Amendment - April 1994

Redevelopment Plan and Project Activities continued in Section 5 is amended to add the following:

Redevelopment Project and Plan activities are expanded to include: resurfacing or reconstruction of all existing street pavement which is currently in a deteriorating condition; repair or reconstruction of all deteriorating curbs and gutters; replacement or reconstruction of sidewalks as part of a comprehensive streetscape/pedestrian walkway system for major parts of the amended area; coordination and implementation of transit station and structure improvements with other public and private improvement projects, rehabilitation of existing buildings, and allowance for interest cost incurred by redevelopers as provided for in the Act.

Figure 3, Development Program, is revised to illustrate the range of actions and improvements proposed for the Amended Area.

General Land-Use Plan

Amendment - April 1994

The General Land-Use Plan contained in Section 5 is amended to include the following maps, and revised and added statements:

Figure 4, Land-Use Plan, contained in the Original Redevelopment Project and Plan is revised to include two figures: Figure 4A, Land-Use Plan, and Figure 4B, Sub Area Land-Use Plan.

Figure 4A, Land-Use Plan, identifies the major land-use category to be in effect upon adoption of this amended Redevelopment Project and Plan, which is Mixed-Use. The Mixed-Use category includes the provision for commercial, residential, retail, institutional, exhibition, parking and related uses. Also shown in 4A are the locations of major thoroughfares and street rights-of-way, the locations of which are subject to modification by the City.

Figure 4B, Sub Area Land-Use Plan, illustrates the recommended predominant use for the nine subareas identified, and provides a guide for future land-use developments and related improvements within the Redevelopment Project Area. Described below are the predominant uses to be included in each subarea.

Subarea 1

Subarea 1 should continue to accommodate office, institutional, retail and service uses which characterize the adjacent Loop area to the north. Restaurants, professional theaters and related business and service uses are encouraged to support existing uses in subareas 2 and 3.

Subarea 2

The predominant use of this subarea should remain hotel and institutional. The City should encourage continued business and institutional uses such as the Chicago Hilton and Towers, the Spertus Museum, Columbia College and Blackstone Theater. Redevelopment should respect the historic character of the Michigan Avenue streetwall.

Subarea 3

The predominant use of this subarea should be residential with accessory retail. This subarea should allow for high-density residential buildings consistent with recently constructed and rehabilitated buildings such as 2 East 8th, Burnham Plaza and 1130 South Michigan. Within this subarea, new development along Michigan Avenue should respect the historic character of the Michigan Avenue streetwall.

Subarea 4

Community shopping uses (grocery store, drug store, etc.) should be encouraged in subarea 4 to serve the expanding neighborhoods of Dearborn Park I and II, Central Station and various free-standing and converted loft residential buildings. Development should be centered near the intersection of State Street and Roosevelt Road, the CTA subway and elevated stations, and the proposed Central Area Circulator station. Convenience businesses to serve foot traffic from the transit stations should also be encouraged.

Subarea 5

Residential development that is compatible, in density, with the Dearborn Park II neighborhood located across State Street should be encouraged in subarea 5. Neighborhood retail and business uses should be encouraged on ground floors of residential structures.

Subarea 6

Land should be assembled in underutilized blocks for the development of a range of housing types, rental and sales, in a mixed-density, economically integrated environment. Large scale developments should be approved as planned developments and provide for off-street parking, recreational facilities and other supporting amenities. Residential development within this area should link the Dearborn Park and Central Station neighborhoods. A continuous east-west pedestrian walkway should be provided from the Chicago River to the lakefront.

Subarea 7

Commercial services, including wholesale and retail trades, should be located along State Street, north of Cermak.

Subarea 8

Business, residential and cultural uses that are compatible with, support and enhance the existing Prairie Avenue Historic District and the proposed Arts District should be encouraged in Subarea 8. Rehabilitation of existing buildings and redevelopment of vacant sites in the Arts District should be encouraged for business and housing uses, as well as support services, art spaces, public open spaces and community facilities.

Subarea 9

Hotel, restaurant and service uses should be encouraged in subarea 9, as well as other businesses that are compatible with the expanding McCormick Place.

Similar and compatible uses as determined by the City of Chicago Department of Planning and Development should be encouraged within each subarea.

Estimated Redevelopment Project Costs

Amendment - April 1994

Estimated Redevelopment Project Costs contained in Section 5 is amended to read as follows:

Redevelopment project costs mean and include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to this Redevelopment Plan 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 services costs for architectural, engineering, legal, marketing, financial, planning or other services, provided however that no charges for professional services may be 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 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 not exceeding 36 months thereafter and including reasonable reserves related thereto;
7. All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs;
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 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 Section 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act and by school districts of costs pursuant to Section 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:
 - 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 regard 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 pursuant to this paragraph (11) then the amount 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 incurred pursuant to this Act may not exceed 30 percent of the total redevelopment project costs excluding any property assembly costs and any relocation costs incurred pursuant to this Act or such greater amount as may be hereinafter authorized by law, including by P.A. 86-1398.

A range of activities and improvements will be required to implement the Redevelopment Project. The necessary improvements and their costs are shown in Table 1, Estimated Redevelopment Project Costs. To the extent that the City has incurred costs or municipal obligations have been issued to pay for such Redevelopment Project costs in anticipation of the adoption of tax increment financing, the City shall be reimbursed from real estate tax increment revenues for such redevelopment costs. The total Redevelopment Project costs are intended to provide an upper limit on expenditures. Within this limit, adjustments may be made in line items, including provision for capitalized interest and other cost of financing associated with the issuance of obligations, without amendment of this Redevelopment Plan. Additional funding in the form of State and Federal grants, and private development contributions will be pursued by the City as means of financing improvements and facilities which are of a general community benefit.

Table 1
ESTIMATED REDEVELOPMENT PROJECT COSTS
NEAR SOUTH REDEVELOPMENT PROGRAM

Program Action/Improvement (in \$1,000's)	Initial Project Costs	Additional Project Costs	Total Project Costs
Property acquisition, Site Preparation, Demolition, Relocation	\$ 3,300	\$ 6,000	\$ 9,300
Rehabilitation of Existing Buildings	N.A.	21,000	21,000
Roadways and Related Improvements	27,600	7,000	34,600
Utility Improvements	6,500	3,000	9,500
Parks and Open Space	1,800	2,000	3,800
Transit Improvements	N.A.	9,500	9,500
Interest Cost Incurred by Redevelopers	N.A.	10,000	10,000
Job training and Related Education Programs	500	750	1,250
Analysis, Administration, Studies, Surveys, Legal, et. al.	300	400	700
Contingency	N.A.	6,000	6,000
GROSS PROJECT COST¹	\$ 40,000	\$ 65,650	\$ 105,650

¹Gross Project Costs excludes financing costs, including interest expense, capitalized interest, and costs associated with issuing bonds and optional redemptions. Estimated Gross Project Costs are based on 1993 dollars, and are subject to prevailing market conditions at the time they are undertaken.

Sources of Funds to Pay Redevelopment Project Costs

Amendment - April 1994

Sources of Funds to Pay Redevelopment Project Costs contained in Section 5 is amended to read as follows:

Funds necessary to pay for redevelopment project costs and municipal obligations which have been issued to pay for such costs are to be derived principally from tax increment revenues and proceeds from municipal obligations which have as their revenue source tax increment revenue. To secure the issuance of these obligations, the City may permit the utilization of guarantees, deposits and other forms of security made available by private sector developers.

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

Issuance of Obligations

Amendment - April 1994

Issuance of Obligations contained in Section 5 is amended to read as follows:

The City may issue obligations secured by the tax increment special tax allocation fund pursuant to Section 11-74, 4-7 of the Act.

All obligations issued by the City pursuant to this Redevelopment Plan and the Act shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area, such ultimate retirement date occurring in the year 2013. Also, the final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more time in order to implement this Redevelopment Plan. The amounts payable in any year as principal of and interest on all obligations issued by the City pursuant to the Redevelopment Plan and the Act shall not exceed the amounts available, or projected to be available, from tax increment revenues and from such bond sinking funds or other sources of funds as may be provided by ordinance. Obligations may be of a parity or senior/junior lien natures. obligations issued may be serial or term maturities, and may or may not be subject to mandatory sinking fund redemptions.

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

Most Recent equalized Assessed Valuation of Properties in the Redevelopment Project Area

Amendment - April 1994

Most Recent Equalized Assessed Valuation of Properties in the redevelopment Project Area in Section 5 is amended to read as follows:

The purpose of identifying the most recent EAV of properties in the Redevelopment Project Area is to provide an estimate of the Initial EAV which the County Clerk will certify for the purpose of calculating incremental EAV and incremental property taxes. In the case of the Central Station Area Tax Increment Financing Redevelopment Project and Plan, there is an Initial EAV (using 1989 EAV) for the area as originally adopted on November 28, 1990, and a second Initial EAV (using 1992 EAV) for the area to be amended into the Central Station Area Tax Increment Financing Redevelopment Project and Plan.

Table 2, Summary of Initial EAV by Block, summarizes the initial equalized assessed valuations of blocks within the Original Area and Amended Area. The EAV summary for the Original Area has since been Certified as the Initial Equalized Assessed Valuation by the Cook County Clerk on August 12, 1991, and is \$3,223,423.

The initial EAV summarized in Table 2 for the Amended Area serves as the estimated initial equalized assessed valuations of blocks within the Amended Area as of April 1994. The total initial EAV for the Amended Area is estimated at \$124,791,988, and assumes this amendment to the Redevelopment Plan and Project will occur before the 1993 state equalization factor is issued, which is sometime in June or July 1994. In the event the amendment is adopted after the 1993 state equalization factor is issued, then the 1993 assessed valuations and 1993 state equalization factor will be used by the County to determine the Initial EAV for the Amended Area. Additionally, this Certified Initial EAV is issued by the Cook County Clerk's Office.

The total certified initial EAV for the entire Redevelopment Project Area is estimated at \$128,015,411.

**TABLE 2
SUMMARY OF INITIAL EAV BY BLOCK
NEAR SOUTH TAX INCREMENT FINANCING REDEVELOPMENT PROJECT AREA**

BLOCK NUMBER	(1) ORIGINAL PROJECT AREA	(2) AMENDED PROJECT AREA	ENTIRE PROJECT AREA
17-15-110		\$10,087,753	\$10,087,753
111		\$8,807,434	\$8,807,434
17-15-112	\$0 *		\$0 *
300		\$2,459,481	\$2,459,481
301		\$7,995,577	\$7,995,577
302		\$2,166,319	\$2,166,319
304		\$5,836,194	\$5,836,194
305		\$10,264,638	\$10,264,638
306		\$4,401,836	\$4,401,836
307		\$3,237,637	\$3,237,637
308		\$3,696,048	\$3,696,048
309		\$3,819,510	\$3,819,510
17-15-310	\$0 *		\$0 *
17-15-501	\$0 *		\$0 *
17-16-247		\$1,575,316	\$1,575,316
17-22-100		\$1,415,713	\$1,415,713
101		\$7,599,167	\$7,599,167
17-22-102	\$1,236,479		\$1,236,479
103		\$749,770	\$749,770
104		\$2,732,826	\$2,732,826
17-22-105	\$1,959,440		\$1,959,440
106		\$2,964,749	\$2,964,749
107		\$3,470,369	\$3,470,369
108		\$5,136,042	\$5,136,042
17-22-109	\$10,233		\$10,233
17-22-110	\$0 *		\$0 *
300		\$1,235,667	\$1,235,667
301		\$5,094,929	\$5,094,929
302		\$2,960,436	\$2,960,436
303	\$17,271	\$2,289,881	\$2,307,152
304	\$0 *	\$3,127,719	\$3,127,719 *
305		\$1,281,389	\$1,281,389
306		\$1,110,498	\$1,110,498
307		\$1,742,271	\$1,742,271
308		\$1,142,846	\$1,142,846
309		\$1,676,355	\$1,676,355
310		\$35,368	\$35,368
311		\$1,374,860	\$1,374,860
312		\$3,224,898	\$3,224,898
313		\$3,730,428	\$3,730,428
314		\$1,038,422	\$1,038,422
315		\$1,027,610	\$1,027,610
317		\$68,567	\$68,567
318		\$1,162,295	\$1,162,295
319		\$2,674,962	\$2,674,962
320		\$376,209	\$376,209
500		\$0 *	\$0 *
501	\$0 *	\$0 *	\$0 *
17-27-205	\$0 *		\$0 *
TOTAL	\$3,223,423	\$124,791,988	\$128,015,411

* Contains exempt and or railroad properties

1. Based on 1989 EAV.

2. Based on 1992 EAV, and is subject to final verification and certification by the County Clerk following the adoption of the ordinances to add the Amended Area to the Redevelopment Project Area.

TRKLA, PETTIGREW, ALLEN & PAYNE, INC.
May 24, 1994

Anticipated Equalized Assessed Valuation

Amendment - April 1994

Anticipated Equalized Assessed Valuation in Section 5 is amended to read as follows:

By the year 2005, the estimated equalized assessed valuation of real property within the Redevelopment Project Area is estimated at approximately \$530,000,000. This estimate is based on several key assumptions, including: 1) Redevelopment for the uses specified in this Redevelopment Plan will occur in a timely manner; 2) the market value of the recommended residential and commercial developments will increase following completion of the redevelopment activities described in the Redevelopment Plan; and 3) the average State Multiplier for the five year period 1988 through 1992 of 1.9953 will apply to future assessed values.

6. CONFORMITY OF THE REDEVELOPMENT PLAN TO THE COMPREHENSIVE PLAN FOR DEVELOPMENT OF THE CITY OF CHICAGO AS A WHOLE

The Redevelopment Plan and the Redevelopment Project conform to the comprehensive plan for development of the City of Chicago as a whole. Further, the Redevelopment Plan and Redevelopment Project are consistent with, and are established pursuant to implementation of, general municipal development objectives and policies contained in development plans previously adopted and/or considered by the City of Chicago, including, among others, the following:

1. "An Ordinance For the Establishment of Harbor District Number Three; the Construction by the Illinois Central Railroad Company of a New Passenger Station; Electrification of Certain of the Lines of the Illinois Central and Michigan Central Railroad Companies Within the City; and the Development of the Lake Front" passed by the City Council of the City of Chicago in 1919, as amended;
2. The Comprehensive Plan of Chicago of 1966;
3. The Guidelines for Development; I.C. Air Rights – 11th Place to 31st Street of 1972;
4. The Lakefront Plan of Chicago of 1973;
5. The Lake Michigan and Chicago Lakefront Protection Ordinance of 1973;
6. Chicago 21: a Plan for the Central Area Committees of 1973;
7. Chicago Central Area Plan of 1983;
8. The Near South Development Plan of 1986;
9. The Central Station Guidelines; and
10. The Central Station Plan of Development.

7. PHASING AND SCHEDULING OF REDEVELOPMENT PROJECT

A phased implementation strategy will be utilized to achieve a timely and orderly 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 expenditures in redevelopment by private developers.

8. PROVISIONS FOR AMENDING THIS REDEVELOPMENT

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

9. AFFIRMATIVE ACTION PLAN

The City is committed to and will affirmatively implement the following principles with respect to the Near South Tax Increment Redevelopment Plan and Project:

- A. the assurance of equal opportunity in all personnel and employment actions with respect to the Plan and Project, including, 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.

In order to implement these principles for this Project and Plan, 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 contracting for work on the Project shall be required to agree to the principles set forth in this section.

10. LACK OF GROWTH AND DEVELOPMENT THROUGH INVESTMENT BY PRIVATE ENTERPRISE

As described in Section 4 of this Redevelopment Project and Plan report, the Redevelopment Project Area as a whole is adversely impacted by the presence of numerous blighting factors, and these factors are reasonably distributed throughout the area. The redevelopment project area on the whole has not been subject to growth and development through investment by a limited and scattered basis. However, no major large-scale projects have been initiated in over ten years. The lack of private investment is evidenced by the continued existence of blight and the limited number of new development projects undertaken on a planned development basis.

The private investment that has occurred in the near south side in general, but not in the redevelopment area, has occurred with substantial public assistance. Projects such as Dearborn Park, Printers Row, McCormick Place and the original Central Station have all been subsidized with local, state or federal assistance.

Thus, it is clear that private investment in revitalization and redevelopment has not occurred on a comprehensive basis or in a timely manner to overcome the blighting conditions that currently exist. The Redevelopment Project Area is not reasonably expected to be developed without the efforts and leadership of the City, including the adoption of this Redevelopment Project and Plan, and the adoption of tax increment financing.

11. FINANCIAL IMPACT OF THE REDEVELOPMENT PROJECT

Without the adoption of this Redevelopment Project and Plan, and tax increment financing, the Redevelopment Project Area is not reasonably expected to be redeveloped by private enterprise. There is a real prospect that blighted conditions will continue to exist and spread, and the area on the whole will become less attractive for the maintenance and improvement of existing buildings and sites. The possibility of the erosion of the assessed value of property which would result from the lack of a concerted effort by the City to stimulate revitalization and redevelopment could lead to a reduction of real estate tax revenue to all taxing districts.

Section 5 of this Redevelopment Project and Plan describes the comprehensive redevelopment program proposed to be undertaken by the City to create an environment in which private investment can occur. The redevelopment program will be staged over a period of years consistent with local market conditions and available financial resources required to complete the various redevelopment projects and activities set forth in this Plan. If the Redevelopment Project is successful, it is anticipated that the Rehabilitation and expansion of existing buildings and new development resulting there from will be instrumental in alleviating blighted conditions and restoring the area to a long-term sound condition.

The Redevelopment Project is expected to have both short- and long-term financial impacts on the taxing districts affected by the Redevelopment Plan. During the period when tax increment financing is utilized, real estate tax revenues resulting from increases in EAV over and above the certified initial EAV established at the time of this Redevelopment Project and Plan will be used to pay redevelopment project costs in the area. At the end of such period, the real estate tax revenues attributable to the increase in EAV over the certified initial EAV will be distributed to all taxing districts levying taxes against property located in the Redevelopment Project Area.

12. DEMAND ON TAXING DISTRICT SERVICES

The following major taxing districts presently levy taxes against properties located within the Redevelopment 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 public open space in the City and County for the education, pleasure and recreation of the public.

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

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

Board of Education. General responsibilities of the Board include the provision, maintenance and operations of educational facilities, and the provision of educational services primarily for kindergarten through twelfth grade.

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

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

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

In addition to the major taxing districts summarized above, the following special taxing districts have taxing jurisdiction over the Redevelopment Project Area; the Chicago Library Fund, Chicago Urban Transportation District, and Special Service Area Number 12 (SSA #12). The Chicago Library Fund (formerly a separate taxing district from the City) and the Chicago Urban Transportation District no longer extend tax levies, but continue to exist for the purpose of receiving delinquent taxes. In 1991, the City established SSA #12 in connection with the Central Station Area Circulator. Certain properties located within the Redevelopment Project Area are also located with SSA #12. Taxes for SSA #12 are levied on non-residential properties located within its taxing jurisdiction to pay for a portion of the anticipated cost of the construction and operation of the Central Area Circulator.

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

Residential development may cause increased demand for services or capital improvements to be provided by the Board of Education, Community college District 508, Chicago Park District, and City. New private investment in residential and non-residential development, and public investment in infrastructure improvements may increase the demand for public services or capital improvements provided by the City of Chicago and the Chicago Park District within an adjacent to the Redevelopment 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. However, it is not possible

at this time to predict, with any degree of reliability, (i) the number or timing of new or rehabilitated residential buildings that may be added within the Redevelopment Project Area, or (ii) the increased level of demand for services or capital improvements to be provided by any taxing district as a result therefrom.

If successful, the implementation of the Redevelopment Project may enhance the values of properties within and adjacent to the Redevelopment Project Area.

13. PROGRAM TO ADDRESS FINANCIAL AND SERVICE IMPACTS

As described more fully in the previous sections, because the scale and mix of development in the Area cannot be predicted with certainty as of the date of this Redevelopment Project and Plan, the scope of the financial impact on taxing districts and increase in the demand for services provided by those districts cannot be quantified at this time. As a result, the City has not developed, at present, a specific plan to address such financial impact or increased demand.

However, as described more fully under Redevelopment Project and Plan Activities—Provision of Public Improvements in Section 5 of this Redevelopment Project and Plan, the City plans to provide public improvements and facilities to service the Redevelopment Project Area. Such improvements may mitigate some of the additional service and capital improvement demands placed on taxing districts as a result of the implementation of this Redevelopment Project and Plan.

of the work, or any part of it embraced in the Direct Contract. The Direct Contractor or Subcontractor(s) must hold harmless the Board, Project Manager, Program Manager, Architect, and their respective board members, officers, agents, and employees, against all demands for such fees or claims for infringements of patent rights that may be made.

- 25.2. The approval of any method of construction, invention, appliance, process, article, device or material of any kind by the Architect, Board, or Project Manager is only an approval of its adequacy for the Work, and is not an approval of its use by the Direct Contractor in violation of any patent or other rights of any third person.

26. PROJECT LABOR AGREEMENT

- 26.1. The Board has entered into a Project Labor Agreement in connection with all Projects at CPS facilities. Direct Contractor is required as a condition of performing Work on any Project to honor and abide by the provisions of the Project Labor Agreement. A copy of the Project Labor Agreement is attached to these Construction Conditions in Section 00750.

27. TRADE REGULATIONS

- 27.1. Wherever any provision of any section of the Specifications conflicts with any agreements or regulations of any kind at any time in force among members of any trade associations, unions or councils that regulate or distinguish what work is or is not included in the Work of any particular trade, the Direct Contractor must make all necessary arrangements to reconcile any such conflict without delay, damage or cost to the Board and without recourse to the Board, Architect or the Project Manager. If the progress of the Work is affected by any delay in furnishing or installing any items of material or equipment required under the Direct Contract because of a conflict involving any such agreement or regulation, the Architect may require that other material or equipment of equal kind and quality be provided at no additional cost.

28. PERMITS, LAWS AND REGULATIONS

- 28.1. In a timely manner so as not to delay the progress of the Work, the Direct Contractor must obtain and pay for all permits, licenses and certificates of inspection necessary for the prosecution and completion of the Work. Should any fees for permits, licenses and certificates of inspection be waived by the appropriate governmental agencies, then Direct Contractor must give full credit for them, and the Project Manager may deduct the amount or amounts waived from payments due the Direct Contractor. The credit must be in the amount stated by the governmental agency waiving the fee.
- 28.2. The Direct Contractor must give all notices and comply with all laws, ordinances, codes, rules and regulations bearing on the conduct of the Work. If the Direct Contractor observes that the Drawings and Specifications are at variance with them, Direct Contractor must, in writing, promptly notify the Architect, and any necessary changes will be made in accordance with Article 39, Changes in the Work. The Direct Contractor must bear all costs arising from any work performed that is contrary to those laws, ordinances, codes, rules and regulations.
- 28.3. The Direct Contractor must also comply with the current regulations of the National Board of Fire Underwriters where applicable to the Project, and all other codes named in the Specifications for the various divisions of the Work.

29. WARRANTY

- 29.1. The Direct Contractor warrants to the Project Manager, the Board and Architect:
- 29.1.1. all materials and equipment furnished under the Direct Contract will be of good quality and new unless otherwise required or permitted by the Direct Contract;
- 29.1.2. the Work will be free from defects not inherent in the quality required or permitted; and
- 29.1.3. the Work will conform with the requirements of the Direct Contract.
- 29.2. The Board, Project Manager, and the Architect are entitled to consider Work not conforming to these requirements, including substitutions not properly approved and authorized, defective. The Direct Contractor's warranty excludes remedy for damage or defect caused by abuse, modifications not executed by the Direct Contractor, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. If required by the Architect, the Direct Contractor must furnish satisfactory evidence as to the kind and quality of materials and equipment.
- 29.3. The Direct Contractor warrants all of the Work and each and every part of it, including, by way of illustration and not in limitation, all workmanship, materials, equipment, supplies, services and facilities that are furnished, produced, fabricated, installed, constructed or built pursuant to the Direct Contract for the respective periods of time called for by the respective requirements of the Direct Contract, and, if no period is specified, then for a period of one year, against defects that, in the opinion of the Architect, result from the use of defective or inferior materials, equipment, supplies, services, facilities or workmanship; or from Work not in compliance with or not performed in accordance with the

Drawings or Specifications. The Direct Contractor must provide this warranty to the Project Manager and the Board in writing. The warranty period must run from and after the date of Final Acceptance of all Work required by the Direct Contract, unless the Direct Contract specifies a different date for the warranty period to begin running. No part of the Work will be held to be accepted until Final Acceptance of all of the Work.

29.4. The Direct Contractor must as part of this warranty repair or remove and replace as directed by the Project Manager and the Board and at no additional cost, all the Work, materials, equipment, supplies, services and facilities that prove defective during the applicable warranty period or that fail to conform to the Direct Contract; to repair, remove and replace, or pay for as directed by the Project Manager and the Board and at no additional cost all damaged portions of the Project and the contents and equipment of it, resulting from or that are incidental to the defects or failure to conform to the Drawings or Specifications. Direct Contractor must begin all repairs, removals, and replacements within 10 business days after the Project Manager and the Board gives written notice and must furnish workers and materials sufficient to ensure their prompt completion. Such written notice must have attached to it the opinion of the Architect stating that the defective Work is not performed in accordance with the Direct Contract. Should the Direct Contractor fail to proceed in accordance with these requirements, the Project Manager or the Board without further notice to the Direct Contractor may furnish all labor and material necessary for repairs, or removals and replacements, and the Direct Contractor must pay the Project Manager or the Board all costs incurred as a result of Direct Contractor's failure to do so.

29.5. Notification by the Board of non-conforming or defective Work tolls the running of the Direct Contractor's warranty with respect to the nonconforming or defective Work and of other Work affected by the nonconforming or defective Work. The warranty period for the corrected Work begins anew from the date the replaced or restored Work is accepted by the Board and runs for the full length of time as required under the Direct Contract for the portion of the Work corrected and for that Work affected by it.

30. MANUFACTURERS' WARRANTIES

30.1. At the final Project close-out meeting, Direct Contractor must furnish the Board 2 complete sets of all manufacturers' warranties, guarantees, parts lists, and literature applicable to equipment, systems, fittings, and furnishings included in the Work (collectively referred to as "manufacturers' warranties"), completed in favor of the Board as of and at the time of Final Acceptance of the Work. These warranties are in addition to and not in lieu of Direct Contractor's warranties under Article 29, and the Board is entitled to look to Direct Contractor for remedy in all cases where Direct Contractor's warranty applies regardless of whether a manufacturer's warranty also applies. The Project Manager will acknowledge receipt of the sets of manufacturers warranties on the set itself, and Direct Contractor shall cause 6 copies of an acknowledged set to be made and furnish them to the Project Manager for distribution as the Board directs.

31. ACCIDENTS

- 31.1. Direct Contractor must cooperate and comply with any safety procedures and guidelines established by or for the Board's construction-related projects.
- 31.2. The Direct Contractor must provide at the Site, and make available to all workers, medical supplies and equipment necessary to supply first aid service to all persons injured in connection with the Work.
- 31.3. The Direct Contractor must promptly report in writing to the Project Manager, all accidents whatsoever arising out of, or in connection with, the performance of the Work, whether on or off the Site, that caused death, personal injury or property damage, giving full details and statements of witnesses. The Project Manager may elect to standardize report forms, and if it does so, Direct Contractor must use the required forms for these reports. Regardless of the form used, Direct Contractor must submit an accident report, within 24 hours following the occurrence, containing the following:
 - 31.3.1. Name of Person or Persons involved with home address(es)
 - 31.3.2. Location of Occurrence
 - 31.3.3. Time of Day and Date
 - 31.3.4. Description of Occurrence
 - 31.3.5. Statements of Witnesses
 - 31.3.6. Signature of Direct Contractor's Superintendent
- 31.4. The Direct Contractor must send a copy of the accident report to the Board's insurer, as directed by the Project Manager.
- 31.5. In addition, if death, serious injury or serious damages are caused, the Direct Contractor must notify the Project Manager immediately via telephone or messenger.
- 31.6. If any claim is made by anyone against the Direct Contractor or any Subcontractor on account of any accident, the Direct Contractor must promptly report the facts in writing to the Project Manager and the Architect, giving full details of the claim.

32. DELAYS AND EXTENSION OF TIME

- 32.1. If any delay on the part of the Direct Contractor results in any claim against the Board, Architect, Project Manager, Program Manager, or the agents or employees of any of them (for purposes of this Article 32, individually and collectively, the "Board Indemnities") by another contractor arising out of the delay, the Direct Contractor must defend and hold the Board Indemnities harmless against any and all such claims. The Board may without prejudice to its right to any other remedy deduct the amount of any recovery against Board Indemnities from any monies due or that may become due the Direct Contractor.
- 32.2. Subject to the provisions of Article 32.3 below, if the Direct Contractor or its Subcontractors are delayed at any time in the progress of the Work, Direct Contractor's (and its Subcontractors') sole remedy will be an extension of the time for completing the Work for that reasonable period of time that the Project

Manager and Architect with pre-approval by the Board, may decide, but only if the delay is caused by:

32.2.1. any act or omission whatsoever (including without limitation suspensions of the Work for any reason and delays pending a decision) of the Board, Architect, Program Manager, Project Manager, or the agents or employees of any of them, or

32.2.2. any other contractor employed by the Board, or

32.2.3. changes ordered in the Work, or

32.2.4. strikes, lockouts, fire, unusual delay in transportation, unavoidable casualties, or any other causes beyond the Direct Contractor's control that would not reasonably be expected to occur in connection with or during performance of the Work (except for weather delays caused by typical Chicago weather extremes that Direct Contractor should have anticipated in Direct Contractor's schedule for the Work), or

32.2.5. delay in obtaining required permits where the delay was not caused in whole or in part by Direct Contractor.

32.3. No claim for an extension of time will be considered unless the Direct Contractor makes it in writing, specifying the reason for the delay, and submits it to the Project Manager within 7 Days after the delay begins. In case of a continuing cause of delay, only one claim is necessary.

32.4. The Direct Contractor and its Subcontractors are not entitled to any damages or compensation, or to be reimbursed, by the Project Manager for any losses on account of any delay or delays resulting from any cause whatsoever.

33. CLAIMS AND DISPUTES

33.1. Direct Contractor must present all disputes arising under this Direct Contract or its interpretation, whether involving law or fact (or both) or extra Work, and all claims for alleged breach of contract within ten (10) Days after the dispute or the breach begins, by notice in writing to the Project Manager. Such notice will then be submitted to the Board's Chief Purchasing Officer, with copies to the Attorney and Program Manager. For purposes of this Article 33, both disputes and claims, liquidated or otherwise, will be referred to as "claims." All papers pertaining to claims must be filed in quadruplicate with the Chief Purchasing Officer, with one additional copy each to the Attorney and Program Manager.

33.2. The notice must detail the amount (if any) of the claim (if the Work that is the subject of the claim has been completed) and must in any event state the facts surrounding the claim in sufficient detail to identify it, together with its character and scope. In the meantime, and regardless of the outcome and resolution of the claim, during the pendency of the dispute the Direct Contractor must proceed with the Work as directed and maintain the construction schedule. The Chief Purchasing Officer or designee will render a determination in writing; any factual findings that are part of the written determination are binding on both the Project Manager and Direct Contractor.

33.3. Any claim not presented within the time limit specified in this Section 33 will be

considered to have been waived.

- 33.4. If the amount of a claim was not known at the time notice of it was required to be given under this Article 33, Direct Contractor must, within 10 Days after the Work is completed, submit in detail its claim and proof of claim.
- 33.5. No action on this Direct Contract for the recovery of any claim is sustainable in any court of law or equity unless Direct Contractor begins it within either (a) 12 months following the date the Board formally denies the claim or (b) 90 Days after Preliminary Acceptance of the Work, whichever is the earlier.

34. SUBCONTRACTS

- 34.1. The Direct Contractor must, before the Direct Contract is fully signed, notify the Project Manager and Architect in writing of the names of Subcontractors proposed for the principal parts of the Work and those other parts of the Work as the Project Manager and Architect may direct, with a written statement containing the information that they may require concerning the experience, ability, and responsibility of each proposed Subcontractor and the scope of the subcontract. The Direct Contractor must not later substitute another Subcontractor without the prior approval of the Project Manager and the Board.
- 34.2. Subject to the provisions above, the Direct Contractor is liable to the Project Manager and the Board for the acts and omissions of its Subcontractors and of persons either directly or indirectly employed by the Subcontractor, as the Direct Contractor is for the acts and omissions of persons directly employed by it.
- 34.3. Each Subcontractor must report to the Architect and Project Manager before beginning the Work and when resuming Work after an absence from the Project.

35. RELATIONS OF DIRECT CONTRACTOR AND SUBCONTRACTORS

- 35.1. The Direct Contractor must inform every Subcontractor that it is bound, and every Subcontractor is bound, by the terms of the Direct Contract as far as applicable to its Work, including the following provisions of this Article, unless specifically noted to the contrary in a subcontract approved in writing as adequate by the Project Manager or Architect.
- 35.2. Nothing in this Article creates any obligation on the part of the Project Manager or the Board to pay or to see to the payment of any sums to any Subcontractor.
- 35.3. The Subcontractor:
- 35.3.1. is bound to the Direct Contractor by the terms of the Direct Contract and assumes toward the Direct Contractor all the obligations and responsibilities that the Direct Contractor, by the documents, assumes toward the Project Manager and the Board.
- 35.3.2. must submit to the Direct Contractor applications for payment in such reasonable time as to enable the Direct Contractor to apply for payment as specified in the Direct Contract.
- 35.3.3. must make any claims for extras, for extensions of time to the Direct Contractor in the manner provided in the General Conditions for like claims by the Direct Contractor upon the Project Manager, except that the

time limit for making claims for extra cost is 7 Days.

35.4. The Direct Contractor:

- 35.4.1. is bound to the Subcontractor by all the obligations that the Project Manager assumes to the Direct Contractor under the Direct Contract and by all the provisions of the Direct Contract affording remedies and redress to the Direct Contractor from the Project Manager.
- 35.4.2. must pay the Subcontractor upon the issuance of certificates under the Schedule of Values specified in the Direct Contract, the amount allowed and paid to the Direct Contractor on account of the Subcontractor's Work to the extent of the Subcontractor's interest in it.
- 35.4.3. acknowledges that no claim for services rendered or materials furnished by the Direct Contractor to the Subcontractor is valid unless written notice of it is given by the Direct Contractor to the Subcontractor during the first 10 Days of the calendar month following that in which the claim originated.
- 35.4.4. must give the Subcontractor an opportunity to be present and to submit evidence in any decision involving its rights.

36. SEPARATE CONTRACTS

- 36.1. The Project Manager and the Board reserve the right to let other contracts in connection with the Work, including but not limited to contracts for performing environmental remediation and abatement. The Direct Contractor must afford other contractors reasonable opportunity for the introduction and storage of their materials and for the execution of their work and must properly connect and coordinate its work with theirs.
- 36.2. If any part of the Direct Contractor's Work depends for proper execution or result upon the work of any other contractor, the Direct Contractor must inspect and measure the work of the other contractor and promptly report to the Architect any defects or discrepancies in the work. The Direct Contractor's failure to inspect and make the report constitutes an acceptance of the other contractor's work as fit and proper for the proper execution of the Work, except as to latent defects.

37. MUTUAL RESPONSIBILITY OF CONTRACTORS; COOPERATION

- 37.1. The Direct Contractor must work in harmony with and assist any other contractor that may be engaged by the Project Manager or the Board to perform work at the Site whenever necessary. In no case is Direct Contractor permitted to exclude from the Site any other contractor in the execution or installation of its work. In the event of a conflict in scheduling the respective portions of Direct Contractor's Work and that of any other contractor, Direct Contractor must immediately refer the matter to the Board's Project Manager for resolution. The resolution, and any accommodation required of Direct Contractor in connection with it, are not grounds for a delay claim under the Direct Contract.
- 37.2. The Direct Contractor must give reasonable notice and proper information to other contractors of any special requirements for placing and setting of any Work that is adjacent to the work of other contractors. If Direct Contractor fails to do so

in a timely manner, Direct Contractor will be considered responsible and required to pay for any alterations or repairs necessitated by its failure.

- 37.3. The Direct Contractor, where separate contractors or their subcontractors are employed on the Site, will not hold the Project Manager or the Board responsible for loss or damage or injury caused by any fault or negligence of the other contractor or subcontractor and the Direct Contractor must look to the contractors or subcontractors for recovery from them for any such damage or injury.
- 37.4. Wherever work being done by any such contractors or subcontractors is contiguous to Work covered by the Direct Contract, the respective rights of the parties will be established by the Architect to secure the completion of the various portions of the Work in general harmony.
- 37.5. If any separate contractor or its Subcontractor suffers loss or damage through any acts or omission on the part of the Direct Contractor, or any of its subcontractors, the Direct Contractor must reimburse the other contractor or its subcontractor by agreement or arbitration, if they will so settle. If the separate contractor or its subcontractor asserts any claim against the Project Manager or the Board on account of any damage or loss alleged to have been so sustained, the Direct Contractor must defend and hold the Project Manager and the Board harmless against those claims as provided in these Construction Conditions.

38. AMENDMENTS

No modification or amendment of the Direct Contract is effective unless it is in writing and signed by authorized representatives of the Direct Contractor and the Project Manager, with pre-approval by the Board.

39. CHANGES IN THE WORK

- 39.1. The Architect may make changes in the Work by making alterations in it or by making additions to it or by making deductions or omissions from it, without invalidating the Direct Contract and without releasing or relieving the Direct Contractor from any guarantee given pursuant to the Direct Contract, without affecting the validity of Direct Contractor's (or any manufacturer's) warranty or Performance and Payment Bond and without relieving or releasing the surety or sureties of the bond. All such Work must be executed under the conditions of the original Direct Contract.
- 39.2. All change orders require approval in writing of the Project Manager with pre-approval by the Board. No change orders are authorized that exceed, individually or cumulatively, 10% of the Base Direct Contract Price.
- 39.3. Except in an emergency endangering life or property, the Direct Contractor must make no change without receipt of a Change Order, approved on its face by the Project Manager and the Board; and no claim for an adjustment of the Base Direct Contract Price or time of performance is valid unless so ordered in writing.
- 39.4. The Direct Contractor, when ordered in writing by the Project Manager, with the approval of the Board, must proceed promptly in accordance with the Change Order. The adjustment of the Base Direct Contract Price on account of the Change Order must be determined by one of the following methods:

39.4.1. Method 1 - Unit Price and/or Lump Sum Adjustment

39.4.1.1. The Direct Contractor must submit promptly to the Architect and Project Manager for approval and acceptance by the Board a written proposal for changes in the Work. The proposal must be in a format acceptable to the Board and based on agreed-upon unit prices, or in their absence, a detailed cost estimate of labor, insurance, payroll taxes, material, equipment, and premium on bond of the changed Work. If after receipt of the Direct Contractor's proposal the parties can agree on an equitable lump sum adjustment of the Base Direct Contract Price, a Change Order will be issued establishing the adjustment.

39.4.1.2. Where the change in the Work involves items for which agreed-upon unit prices have been established and where the net aggregate quantity of the items is in excess of the contract requirements, payment for the items will be at the established unit prices.

When the net aggregate quantity is less than the contract requirement, a change order will be issued for a credit equal to the sum of (i) the product derived by multiplying the established unit price times the net decrease in units, and (ii) an amount equal to 10% of the product. Where the "agreed-upon unit price" is a unit price bid on estimated quantities, then the Board may, at its option, demand a readjustment of the "agreed-upon unit price" in any case where the requirements for the particular unit price item exceeds 125% of the estimated quantity bid.

39.4.1.3 Where the change in the Work involves items for which agreed-upon unit prices have not been established, the Direct Contractor's proposal must be in a format acceptable to the Project Manager and based upon the estimated fair cost of the labor, material, equipment, insurance, premium on bond, and applicable taxes.

In submitting the proposal, the Direct Contractor must use its ability and buying power to obtain the best possible prices from suppliers of material and equipment and from Subcontractors consistent with its general responsibility for the performance and completion of the Work. To this end, the Direct Contractor, when submitting such a proposal, is considered to have represented by the submittal that it has used the lowest prices obtained or obtainable from suppliers

determine and agree upon an equitable lump sum adjustment of the Base Direct Contract Price for the items, a proceed order will be issued, and the Direct Contractor must proceed with the Work in question on a cost-plus fee basis. Cost means the Direct Contractor's actual cost of labor, material, equipment, insurance, premium on bond, and applicable taxes, as approved by the Architect, Project Manager, and Program Manager. To the Direct Contractor's cost so computed Direct Contractor may add overhead and profit as defined under Method 1 above.

39.4.2.2. The Direct Contractor and Subcontractors must keep and present in the form as the Architect may direct a correct accounting of the costs of all labor, material, equipment, insurance, premiums on bond, and applicable taxes, together with supporting vouchers, receipts, and payroll records.

39.4.2.3. Upon completion of the change and determination of its cost-plus fee price, a Change Order will be issued establishing the adjustment of the Base Direct Contract Price.

39.5. The Direct Contractor's agreement to a Change Order constitutes a waiver and release by the Direct Contractor and its Subcontractors and suppliers for any claim for delay, cumulative impact, cost of extended general conditions, and any other indirect cost associated with the changes.

40. PAYMENT APPLICATIONS

40.1. Payment procedures shall be established by the Project Manager with the Board's prior approval.

40.2. At least 15 Days before the first application for payment, and no later than 30 Days after the Notice to Proceed, the Direct Contractor must submit to the Architect, Project Manager, and Program Manager a Schedule of Values showing values of the Work to be performed by it and its Subcontractors containing the supporting details or other evidence as to its correctness as the Architect, Project Manager, and Program Manager may require. The Schedule of Values must list the estimated value for each construction activity to be included in the progress schedule. When approved by the Architect, Project Manager, and Program Manager, the Schedule of Values must be used as a basis for certificates of payment unless the Architect, Project Manager, and Program Manager find it to be in error.

40.3. If the Work consists of multiple phases or work at multiple locations, the Schedule of Values and all payment applications must separately identify the information for each phase or location. Retainage, Preliminary Acceptance and Final Acceptance must be evaluated separately for each separate phase or location.

40.4. Direct Contractor must comply with the Project Manager's payment schedule as approved by the Board or other applicable schedule and use its approved forms and follow its procedures in submitting requests for payment. A copy of the

Schedule, the forms and the procedures is available on request from the Project Manager.

- 40.5. The Project Manager will assign to the Direct Contractor an invoice target date at the preconstruction meeting referenced in the Specifications. Not later than 10 Days before the invoice target date, the Direct Contractor must submit a pencil copy of the application for payment for Work completed through the end of the prior month and the monthly progress report to the Architect and Project Manager. Not later than 5 Days before the invoice target date, the pencil copy must be reviewed at the payment review meeting with the Architect and Project Manager for approval by the Board of value of the Work completed. Calculation of the value of Work completed must be made by summarizing the individual values of Work completed as the completion is reported by the monthly progress report as approved by the Architect. Submission of the monthly progress report 5 days before the payment review meeting is a condition precedent to the approval of the payment application.
- 40.6. On or about the invoice target date of each month, the Direct Contractor must submit to the Architect and Project Manager an application for partial payment including a notarized affidavit stating that all monetary obligations to all Subcontractors for the periods covered by all prior applications for payment; if any, have been completely fulfilled and discharged supported by receipts or receipted vouchers, and lien waivers, evidencing payments for the materials, services, labor and payments to Subcontractors, together with a waiver of lien covering the amount for which the current payment is being requested and such other evidence of the Direct Contractor's right to payment as the Architect or Project Manager may direct. The application for partial payment must conform to approvals made by the Architect and Project Manager at the payment review meeting.
- 40.7. With respect to rehabilitation and renovation projects, no payments are authorized or will be made for stored material. Payments will be made only for material incorporated into the work.
- 40.8. With respect to new construction, payments for stored material will be made only if the Direct Contractor and Project Manager specifically approve them. If they authorize payments to be made on account of materials and equipment not incorporated in the Work but delivered and suitably stored at the Site, or at some other location agreed upon in writing, Direct Contractor is entitled to the payments only if Direct Contractor submits appropriate bills of sale, waivers of lien, and other documents (such as, but not limited to completed UCC filings) the Project Manager may require to establish its title to them and otherwise protect its interests, and complies with such other procedures as the Board requires, including those related to insurance and transportation to the Site, inspection and inventory of the materials or equipment.

41. CERTIFICATES FOR PAYMENTS

- 41.1. If the Direct Contractor has complied with the requirements, the Architect must issue the Direct Contractor a certificate for the amount as the Architect determines

to be properly due as agreed upon during the payment review meeting (including materials that are suitably stored but not incorporated in the Work at no more than 80% of their actual value), during the preceding payment period. The amount of each partial payment is the total sum of completed Work less prior partial payments, retainage and payments withheld.

- 41.2. Retainage of 10% of the total amount earned must be withheld from partial payments to the Direct Contractor. The retainage will be released upon Final Acceptance of the Work.
- 41.3. No certificate issued nor payment to the Direct Contractor, nor partial or entire use of the Work or occupancy of the Site by the Board or the User is an acceptance of any Work or materials not in accordance with the Direct Contract.
- 41.4. The Architect's certificates for payment are for the benefit of the Project Manager and the Board and must not be relied upon by any other party (including any surety or Subcontractor of the Direct Contractor) in any action against the Project Manager, the Board, the Architect or anyone acting on behalf of them.

42. PAYMENTS WITHHELD

42.1. The Architect may recommend that the Project Manager withhold or nullify the whole or a part of any application for payment or any certificate for payment to the extent as may be necessary to because of:

42.1.1. Defective Work not remedied.

42.1.2. Claims filed or reasonable evidence indicating probable filing of claims.

42.1.3. Failure of the Direct Contractor to properly pay Subcontractors or for material, services, or labor.

42.1.4. A reasonable doubt that the Direct Contract can be completed for the balance then unpaid.

42.1.5. Damage to the Work or property of the Board, the User or another contractor.

42.1.6. Erroneous estimates by the Direct Contractor of the value of the Work performed.

42.1.7. Delinquent reports not remedied, including but not limited monthly MBE/WBE utilization reports and certified payroll.

42.1.8. Unauthorized deviations by the Direct Contractor from the Direct Contract.

42.1.9. Liquidated damages.

42.2. When the above ground or grounds are removed, payments will be made for amounts so withheld.

43. LIENS

43.1. Whenever the Project Manager and/or the Board receives notice in writing of a lien or claim of money due to any Subcontractor, Worker, or employee of the Direct Contractor for work performed or for materials or equipment furnished and used in or about the Work, the Project Manager and/or the Board will advise Direct Contractor in writing and Direct Contractor will have 10 business days in which to discharge, or (if permitted by law) bond over, the lien or claim, or, if

Direct Contractor contests the claim, to notify the Project Manager and the Board in writing to that effect, along with a statement of the reasons for contesting it. In any event, the Project Manager Board must comply with the requirements of the law with respect to withholding Direct Contractor's funds pursuant to lien notices and reserves all of its rights in connection with such claims of lien.

- 43.2. If the Project Manager or the Board is made a party to any action in connection with a claim or claim of lien, including claims for extras, Direct Contractor must, upon tender by the Project Manager or the Board, defend and hold the Project Manager or the Board harmless against the claim, and any costs, damages, and expenses, including without limitation attorneys' fees and court costs, in connection with it.
- 43.3. If Direct Contractor fails to timely discharge, bond over (if permitted by law), or notify the Project Manager or the Board it contests the claim of lien, as required herein above, the Project Manager or the Board reserves the right at their option to direct that the amount of the claim be paid directly to the claimant and deducted from the amount due to Direct Contractor under the Direct Contract, without liability for wrongful withholding from or for nonpayment to Direct Contractor. This provision is solely for the benefit of the Project Manager or the Board, and does not require the Project Manager or the Board to determine or adjust any claims or disputes between the Direct Contractor and its Subcontractors, workers, or employees, or to withhold any money for their protection, unless the Project Manager or the Board elects to do so. This provision does not confer any rights for the benefit of Subcontractors, workers or employees, nor does it enlarge or alter the application or effect of existing lien laws.

44. DEDUCTIONS FOR UNCORRECTED WORK

- 44.1. If the Board, Project Manager and Architect deem it inexpedient to correct Work damaged or Work not performed in accordance with the Direct Contract, an equitable deduction from the Base Direct Contract Price must be made for the damaged or incomplete Work.

45. ACCEPTANCE OF THE WORK

- 45.1. Preliminary Acceptance of the Work will be made after preliminary inspection by the Architect when, in the opinion of the Architect and the Project Manager, in consultation with the Program Manager, the requirements of the Direct Contract have been essentially completed except for Punch List Work (including any cleaning or trash or debris disposal required under Article 50 that Direct Contractor failed to do).
- 45.2. Punch List Completion:
- 45.2.1. TIME IS OF THE ESSENCE in closing out the Work of the Direct Contract. The Direct Contractor must begin work immediately after receipt of the Punch List.
- 45.2.2. Failure of the Direct Contractor or its Subcontractors to begin the Punch List Work within 3 business days after receipt of the Punch List is considered a failure to prosecute the Work of the Direct Contract.
- 45.2.3. Direct Contractor must continuously prosecute Punch List Work once

begun and complete it within 30 days from the receipt of the Punch List from the Architect

45.3. Final Acceptance of the Work will be made as follows:

45.3.1. The Direct Contractor must notify the Architect and Project Manager that the Work will be ready for final inspection on a definite date by which time all requirements of the Direct Contract must have been completed. The notice must be given at least 5 business days before the date stated for final inspection.

45.3.2. If the Architect and Project Manager, in consultation with the Program Manager, determine that the status of the Work is as represented, it will make the arrangements necessary to have final inspection begun on the date stated in the notice, or as nearly after it as is practicable.

45.3.3. If all requirements of the Direct Contract have been completed at the time of final inspection, the Work will be finally accepted and the final certificate will be issued by the Architect. Upon Final Acceptance, the Board may take over the Project for occupancy and use.

45.4. No action of the Board, the Architect, the Program Manager, or the Project Manager, or their respective board members, officers, employees, or agents is considered as accepting Work done or material furnished in the performance of this Direct Contract that are not in accordance with those specified and required by the Direct Contract. The payment of the final certificate in no way affects the rights of the Project Manager against the Direct Contractor (and the surety or sureties on the Performance and Payment Bond given by the Direct Contractor) to enforce the complete performance of the Direct Contract or to sue for the recovery of damages for failure to do so, nor does it affect the terms of Direct Contractor's guarantee in connection with the Direct Contract.

46. INSPECTION OF WORK

46.1. The Board, Architect, and Project Manager are entitled at all times to have access to the Work wherever it is in process. The Direct Contractor must provide proper and safe facilities for access and inspection.

46.2. If the Specifications, the Architect's instructions, laws, ordinances or any public authority require any Work to be specifically tested or approved, the Direct Contractor must give the Architect and Project Manager not less than 3 business days written notice of the Work's readiness for inspection. If the inspection is made by an authority other than the Architect, the Direct Contractor must inform the Architect and Project Manager of the date fixed for the inspection. Required certificates of inspection must be secured by the Direct Contractor. Inspections by the Architect will be promptly made, and where practicable, at the source of supply. When the tests and inspections indicate noncompliance of the Work with requirements of the Direct Contract, and the Architect's services are required for additional reviews or inspections of the Work, the Base Direct Contract Price may be decreased by a Change Order in the amount of the Architect's invoice approved by the Project Manager and the Board as compensation for the Architect's additional services.

46.3. Any Work covered up without approval or consent of the Architect must be

uncovered for examination, if required by the Architect, and must be replaced and/or re-covered all at the Direct Contractor's expense. Examination of Work previously covered up with the approval or consent of the Architect may be ordered by the Architect to be uncovered, and if so ordered, the Work must be uncovered by the Direct Contractor. If the Work is found to be in accordance with the Direct Contract, the Project Manager must reimburse the Direct Contractor for the uncovering and re-covering. The reimbursement is for actual cost incurred plus the percentages allowed by these Construction Conditions. If the Work is found to be not in accordance with the Direct Contract, the Direct Contractor must pay all costs of uncovering, replacement and re-covering.

- 46.4. The Direct Contractor must place its field engineering force at the Architect's disposal for field checking during any inspection period. When layouts of the Work are to be made, the Direct Contractor must notify the Architect in sufficient time so that the Architect may be present.
- 46.5. Neither the presence nor the absence of the Architect at the Site relieves the Direct Contractor from responsibility for compliance with the provisions of the Direct Contract, nor from responsibility for the removal and replacement of Work not in accordance with them.
- 46.6. The Architect is not authorized to make any changes or modifications in the Direct Contract, to direct additional work not required by them, nor to waive the performance by the Direct Contractor of any requirements of the Direct Contract except as provided herein.
- 46.7. The Architect and Project Manager are not responsible for acts or omissions of the Direct Contractor or any Subcontractor.

47. USE OF COMPLETED PORTIONS OF THE WORK

- 47.1. After Preliminary Acceptance of the Work in any space or spaces in the Project, the Board has the right to use and occupy the space or spaces in advance of completion and Final Acceptance, but the Board's occupancy and use of the spaces must not unduly interfere with the Direct Contractor's operations nor delay completion of the Work. Occupancy and use of any space or spaces in the building by the Board or User does not constitute Preliminary Acceptance in the absence of written notification of Preliminary Acceptance of the affected portion of the work from the Architect.
- 47.2. If the Board desires to exercise the right of partial occupancy before completion and Final Acceptance as provided above, with respect to new construction, the Direct Contractor must cooperate with the Board in making available for the Board's use the services as heating, ventilating, cooling, water, lighting and telephone for the space or spaces to be occupied. If the equipment required to furnish the services is not entirely completed at the time the Board desires to occupy the space or spaces, the Direct Contractor must make every reasonable effort to complete them as soon as possible to the extent that the necessary equipment can be put into operation and use. With respect to rehabilitation of existing facilities, the Board will cooperate with Direct Contractor in making available for Direct Contractor's use reasonable amounts of water, lighting, heating, and electrical necessary for Direct Contractor to perform its Work.

47.3. During the partial occupancy before Final Acceptance, arrangements must be made between the Board and Direct Contractor regarding the operation and cost of the necessary heating, ventilating, cooling, water, lighting and telephone services. The Board will assume responsibility for the operation of the equipment and utilities required to provide the above services, in part or in total, and Direct Contractor must make arrangements acceptable to the Board as to the warranties affecting all Work associated with the areas so occupied.

47.4. The Board's occupancy or use of the space or spaces in the Project does not constitute the Project Manager's or the Board's acceptance of any Work, materials or equipment that are not in accordance with the requirements of the Direct Contract, nor relieve the Direct Contractor from its obligations or responsibilities under the Direct Contract.

47.5. In any case, when the Board takes over space for occupancy or use, the Board must give the Direct Contractor notice in writing of taking over the space or spaces involved.

48. PROTECTION OF PERSONS, WORK, AND PROPERTY; SAFETY

48.1. The Direct Contractor must initiate, maintain, supervise, and enforce safety precautions and programs in connection with the Work. Before beginning Work on the Site the Direct Contractor must furnish a copy of its Safety Program for the project to the Project Manager for review.

48.2. The Direct Contractor, both directly and indirectly through its Subcontractors, must continuously protect the Work and the Board's property from damage, injury or loss arising in connection with operations under the Direct Contract. The Direct Contractor must make good any such damage, injury or loss, except that which may be directly due to causes beyond the Direct Contractor's control, fault or negligence and that would not reasonably be expected to occur in connection with or during performance of the Work. Direct Contractor is responsible for Site security, watchmen, etc. Dogs are not allowed.

48.3. The Direct Contractor, both directly and indirectly through its Subcontractors, must take all necessary precautions to ensure the safety of the public and workers on the Site, and to prevent accidents or injury to any persons on, about, or adjacent to the Site where the Work is being performed.

48.4. The Direct Contractor must comply with all laws, ordinances, codes, rules and regulations relative to safety and the prevention of accidents, the Manual of Accident Prevention in Construction of the Associated Project Managers of America and the applicable provisions of the American Standard Safety Code for Building Construction, unless prevention of accidents is regulated by a more stringent local code or ordinance.

48.5. The Direct Contractor must erect and properly maintain at all times, as required by laws and regulations and the conditions and progress of the Work, proper safeguards for the protection of workers and the public and post signs warning against the dangers created by openings, stairways, falling materials, open excavations and all other hazardous conditions.

48.6. The Direct Contractor must designate a responsible on Site member of its organization as a safety coordinator whose duties must include prevention of all

accidents.

- 48.7. In an emergency affecting the safety of life, the Work or adjoining property, the Direct Contractor, without special instructions or authorization from the Architect or Project Manager, is permitted to act, at its discretion, to prevent the threatened loss or injury.
- 48.8. The Direct Contractor must protect private and public property adjacent to the Work, including all streets, sidewalks, light poles, hydrants and concealed or exposed utilities of every description affected by or adjacent to the Work. If the items are damaged by the Direct Contractor or Subcontractors, the Direct Contractor must make all necessary repairs to or replacements of them at no cost.
- 48.9. If, in the opinion of the Project Manager or the Board, the Direct Contractor's Work endangers adjoining property, upon written notice, the Work must be stopped and the method of operation changed in a manner acceptable to the Project Manager and the Board.
- 48.10. The Direct Contractor must remove all snow and ice as may be required for the proper protection and/or prosecution of the Work. The Direct Contractor must at all times provide and maintain adequate protection against weather (including, but not limited to rain, winds, storms, snow, sleet, frost or heat) so as to preserve all Work, materials, equipment, apparatus and fixtures free from injury or damage.
- 48.11. Adequate precautions must be taken against fire throughout all the Direct Contractor's and Subcontractors' operations. Flammable material must be kept at an absolute minimum, and, if any, must be properly handled and stored. Except as otherwise provided in the Direct Contract, the Direct Contractor must not permit fires to be built or open salamanders to be used in any part of the Work.
- 48.12. The Direct Contractor must provide and maintain adequate protection for all properties adjacent to the Site. When required by law or for the safety of the Work, the Direct Contractor must shore up, brace, underpin and protect as necessary, adjacent pavements, foundations and other portions of existing structures that are in any way affected by the operations under the Direct Contract. The Direct Contractor, before beginning any part of the Work, must give any notices required to be given to any adjoining landowner or other parties.
- 48.13. The Direct Contractor must cooperate with any other contractor that may be performing work on the Site in connection with the compliance with regulations of OSHA and all other federal, state, and municipal laws, rules and regulations relating to job site safety and practice including, as may be relevant, appealing decisions, correcting work within abatement periods, appealing or requesting extensions on abatement periods when work has been done by other contractors and furnishing the supporting information or material as may be necessary to fully protect the rights of the Board, its representatives, and other contractors on pending or prospective violation orders.
- 48.14. Unless otherwise noted, all existing fixtures, furniture, equipment, must be carefully removed by the Direct Contractor to a nearby area, protected from damage of any kind, before construction start in that area. The Direct Contractor must return the items to the originally designated place at the finish of construction. For electronic or utility hook-ups, the Board must be notified in advance, and allowed sufficient time to disconnect items before removal. Hook-

ups are to be reconnected by the Board after replacement of furniture and equipment by the Direct Contractor.

49. ENVIRONMENTAL COMPONENTS OF THE WORK, SAFETY.

49.1. If the Direct Contract require Direct Contractor to manage or perform any environmental Work, or if in the course of the Work an environmental hazard is encountered requiring action, Direct Contractor must cooperate and coordinate its Work in all respects with that of the Board's environmental consultants, perform its Work according to safe and approved protocols and procedures, and utilize only fully qualified and licensed abaters and remediators, and sequence and perform Work to minimize environmental contamination of the Site. Whenever Direct Contractor's Work involves an existing Board facility, Direct Contractor must consult with the Project Manager and the Board, including the Board's consultants and the building engineer, if any, to determine whether previous abatement, mediation, stabilization, or containment work has been performed at the facility. If so, Direct Contractor must perform its Work under the Direct Contract so as not to undo or disturb the prior work. Direct Contractor is responsible for all costs incurred for Direct Contractor's failing to comply with such protocols and procedures, or for failing to consult and protect the integrity of the prior work; such costs may include without limitation any costs associated with cleaning any area contaminated by Direct Contractor's (or its Subcontractors') failure to comply with these requirements.

49.2. Hazardous Materials:

49.2.1. If the Direct Contractor encounters on the Site material reasonably believed to be hazardous that has not been identified in the Direct Contract or rendered harmless, the Direct Contractor must immediately stop work in the area affected and report the condition to the Architect and Project Manager in writing and comply with a Board-approved plan for identifying and handling the material. If no plan is in place, Direct Contractor must await and follow directions of the Project Manager that have been approved by the Board's environmental consultants. The Work in the affected area must be resumed in the absence of hazardous materials, or when it has been rendered harmless, by written notification from the Project Manager to the Direct Contractor.

49.2.2. If reasonable precautions will be inadequate to prevent foreseeable bodily injury or death to persons resulting from material or substance encountered on the Site by the Direct Contractor, the Direct Contractor must, upon recognizing the condition, immediately stop work in the affected area and report the condition to the Project Manager and Architect in writing. Direct Contractor, Project Manager, and Architect must then proceed in the same manner described above.

49.2.3. The Board, through one or more environmental consultants, is responsible for obtaining the services of a licensed laboratory to verify the presence or absence of the materials or substance reported by the Direct Contractor and, if the material or substance is found to be present, to verify that it has been rendered harmless.

50.

TRASH AND DEBRIS

- 50.1. Direct Contractor must conduct and complete the Work in a neat, clean, and workmanlike manner. Direct Contractor must at its own expense furnish dumpsters for regular and frequent collection of construction debris, trash, and other refuse that accumulates at the Site and cause its frequent removal and lawful disposal. Direct Contractor must police the work site and adjacent areas regularly and frequently, removing and disposing of construction debris, trash, and refuse promptly. Where the Site is unoccupied throughout the entire construction period, at the completion of the Work Direct Contractor must cause the Site to be cleaned of all construction debris, trash, and refuse and left in broom-clean condition, all equipment and furnishings to be left clean and free of construction-related dirt, grime, splatters, and dust and the whole left in ready-to-use condition for the Users.
- 50.2. Where the Site is occupied, or partially occupied, during any part of Direct Contractor's Work, or where a portion of the Work, on completion, is given over to the Users, Direct Contractor must at its own expense at least daily, but as often as necessary to avoid creating hazards to Users or attracting vermin, remove and lawfully dispose of its debris, trash, and other refuse, sweep all User-occupied areas free of construction materials and dirt or dust, and wipe down all equipment and furnishings in the area where the Work is or was taking place so that they are left in a neat, clean and workmanlike condition for the Users. At the completion of the Work, Direct Contractor must again leave the Site in a neat, clean and workmanlike condition.

51.

BOND REQUIREMENTS

Direct Contractor's Requirements. Direct Contractor shall furnish the Project Manager with a performance and payment bond ("Performance Bond") for the full amount of the Work being performed by such Direct Contractor or its subcontractors, and complying with the requirements of Illinois law regarding bonds on public works. The Performance Bond must be in a form and issued by a surety acceptable to the Board, licensed as a surety by the State of Illinois, and included in the U.S. Department of Treasury's listing of approved sureties. The Performance Bond is security for the faithful performance of the Direct Contractor and its payment of all its subcontractors and other persons supplying labor, materials and equipment in connection with the Work to be provided under the Direct Contract. The Performance Bond must be furnished together with a current power of attorney for the person signing on behalf of the surety, which power of attorney must be sealed and certified with a first hand signature by an officer of the surety. A facsimile signature will not be accepted. In addition, the acknowledgment of the principal on the Performance Bond must be notarized with his/her official title identified. Direct Contractor's failure to carry or document these Bonds, shall constitute a breach of this Direct Contract and any failure by the Project Manager or the Board to demand or receive proof of such Bonds shall not constitute a waiver of Direct Contractor's obligation to obtain the Bonds. The Project Manager will not pay Direct Contractor for any Work if satisfactory proof of bonding is not provided before the commencement of the Work and, with respect to Direct Contractor's subcontractors,

before the commencement of the Work.

52. CORRECTION OF WORK BEFORE FINAL PAYMENT

- 52.1. The Direct Contractor must promptly remove from the Site all materials and equipment, whether incorporated in the Work or not, rejected by the Architect, Project Manager, or Program Manager as failing to conform to the Direct Contract. The Direct Contractor must promptly replace and re-execute the Work in accordance with the Direct Contract and without additional cost and must bear the expense of making good all work of other contractors destroyed or damaged by the removal or replacement.
- 52.2. If the Direct Contractor does not remove the rejected Work, materials and equipment within a reasonable time, determined by written notice of the Project Manager, the Project Manager may, at the expense of the Direct Contractor, remove and dispose of as the Project Manager sees fit. If the Direct Contractor does not pay the cost and expenses of the removal within 10 Days after that, the Project Manager may deduct all such costs and expenses from any monies due the Direct Contractor.
- 52.3. If the Work deviates from the requirements of the Direct Contract, the Direct Contractor is liable for all resulting damages. Direct Contractor waives any claim (as a defense or a claim to reduce the Direct Contractor's liability) that performing the Work without deviation from what is required by the Direct Contract would also have caused or resulted in damages. This provision does not limit the other rights of the Project Manager, the Board or Architect or other obligations of the Direct Contractor.
- 52.4. When the Architect's additional services are required because of defective Work, neglect, failure, deficiencies, or default by the Direct Contractor, the Architect's compensation for the services may be payable by the Direct Contractor based on the Architect's invoice. Deficiencies are defined to include, but not limited to, more than 2 reviews of the same submittal of shop drawings and associated data due to incomplete, uncoordinated or otherwise defective submissions. The invoice, when approved by the Project Manager and the Board, along with other costs, damages, and liabilities incurred by the Board and the Architect, may be the basis for decreasing the Base Direct Contract Price by a Change Order to compensate the Board for the Architect's additional services.

53. CORRECTION OF WORK AFTER FINAL PAYMENT

- 53.1. The final certificate, final payment, or any provision in the Direct Contract does not relieve the Direct Contractor of responsibility for faulty materials, equipment or workmanship. Unless otherwise specified, the Direct Contractor must remedy any defects due to faulty materials, equipment or workmanship and pay for any damage to other Work resulting from it that appear within the guarantee period. The Project Manager or the Board must give written notice of the defects with reasonable promptness after they are discovered. All questions arising under this Article are decided by the Architect.

54. COMPLIANCE WITH LAWS, REGULATIONS, BOARD POLICIES

54.1. Governing Law. Direct Contracts shall be governed by and construed in accordance with the laws of the State of Illinois without regard to any conflict of law or choice of law principles.

54.2. Non Discrimination.

54.2.1 Unlawful Employment Practices. It shall be an unlawful employment practice for Direct Contractor or any of its subcontractors to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to compensation, or the terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, age, handicap or national origin; or to limit, segregate, or classify employees or applicants for employment from equal employment opportunities or otherwise adversely affect an individual's status as an employee because of such individual's race, color, religion, sex, age, handicap or national origin.

54.2.2 Compliance. Direct Contractor shall comply with the Civil Rights Act of 1964 as amended, 42 U.S.C.A. §2000, et seq.; the Age Discrimination in Employment Act, 29 U.S.C.A. §621, et seq.; §504 of the Rehabilitation Act, 20 U.S.C.A. §701, et seq., as amended; the Equal Opportunities for Individuals With Disabilities Act, 42 U.S.C.A. §12101, et seq.; and the Illinois Human Rights Act, 775 ILCS 5/1-10, as amended.

54.3. Wages and Salaries. Direct Contractor shall pay the salaries of its employees performing work under the Direct Contract, unconditionally and not less often than once a month without deduction or rebate on any account except only that such payroll deductions as are mandatory by law or permitted by the applicable regulations issued by the Secretary of Labor pursuant to the "Anti-Kickback Act" of June 13, 1934 (48 Stat. 948; 62 Stat. 740; 63 Stat. 108; title 18 U.S.C. Section 874; and title 40 U.S.C., Section 276c). Direct Contractor shall comply with all applicable "Anti-Kickback" regulations and shall insert appropriate provisions in all contracts covering work under the Direct Contract to insure compliance with such regulations, and shall be responsible for the submission of affidavits required thereunder except as the Secretary of Labor may specifically provide for variations of or exemptions from the requirements thereof. If, in the performance of the Direct Contract, there is any underpayment of salaries by the Direct Contractor, the Project Manager shall have the right to withhold from Direct Contractor out of payments due to him an amount sufficient to pay to employees underpaid the difference between the salaries required to be paid and the salaries actually paid such employees for the total number of hours worked. The amounts withheld shall be disbursed by the Project Manager for and on account of the Direct Contractor to the respective employees to whom they are due.

54.4. Compliance: Monitoring. *Direct Contractor must disclose at least 50% of its proposed MBE/WBE economic participation in the Work at the time of bid.* Direct Contractor must comply with its commitments set forth in its bid in connection with Section 00750, Special Conditions for MBE/WBE Economic Participation and cooperate with the Board's compliance officers monitoring Direct Contractor's compliance. Direct Contractor must fulfill all of its reporting obligations in a timely manner.

54.5. **Background Checks.** Under the provisions of the Illinois School Code, 105 ILCS 5/10-21.9, Direct Contractor must conduct a criminal background investigation of all employees on the Project or the Work who may have direct, daily contact with the pupils in any school and otherwise comply with the requirements of the Section. Direct Contractor must not assign to the Work at any school those convicted of the offenses listed in subsection (c) of that Section or those for whom a criminal background investigation has not been initiated. Upon receipt of the record of conviction, Direct Contractor must immediately remove any person so assigned from the Work at the school. In addition, Direct Contractor must require all persons assigned to the Work at any school to show evidence that they are free from communicable disease, including tuberculosis. Acceptable evidence is described in the School Code, 105 ILCS 5/24-5. From time to time the Project Manager, at the direction of the Board, may require Direct Contractor to, and Direct Contractor must, demonstrate its compliance with the provisions of this Article. Also, Direct Contractor must comply with the requirements of the Illinois Drug-Free Workplace Act, 30 ILCS 580/3.

54.6. **Breach of Article 54.** A breach of any of provisions of this Article 54 constitutes grounds for termination of the Direct Contract.

55. LIQUIDATED DAMAGES; OFFSETS

55.1. All liquidated damages that accrue under the Direct Contract, including those that may apply for late completion of Work, for failing to meet the MBE/WBE bid goals and canvassing formula to which Direct Contractor committed in its bid, and for failing to meet Chicago Residency requirements of the Direct Contract, will be deducted before final payment is made for the Work.

55.2. All charge backs to the Direct Contractor, refunds from the Direct Contractor, and other offsets against any amounts due the Direct Contractor permitted or required under the Direct Contract may be taken at any time from amounts due to Direct Contractor under the Direct Contract once the Project Manager has determined the amount of the charge back, refund, or offset to be made.

56. ASSIGNMENT

56.1. The Direct Contractor must not assign the Direct Contract or sublet it in whole or in part without the written consent of the Project Manager and the Board, nor must the Direct Contractor assign any moneys due or to become due to it under the Contract without the previous consent of the Project Manager and the Board.

56.2. Any assignment of monies due under the Direct Contract made without the consents of the Project Manager and the Board is void, and the assignee in that case acquires no rights against the Project Manager or the Board.

57. DIRECT CONTRACTOR'S RIGHT TO STOP WORK OR TERMINATE CONTRACT

57.1. If the Work is stopped under an order of any court or other public authority for a period of 180 Days through no act or fault of the Direct Contractor or of anyone employed by the Direct Contractor, then the Direct Contractor may, upon 7 business days written notice to the Project Manager and the Program Manager, terminate the Direct Contract.

58. DEFAULT AND TERMINATION

58.1. Events of Default. It is a default under this Direct Contract if the Direct Contractor:

- 58.1.1. becomes insolvent or bankrupt; or makes a general assignment for the benefit of creditors, or if a receiver is appointed on account of insolvency;
- 58.1.2. fails to begin the Work at the time specified;
- 58.1.3. fails to perform in accordance with the Direct Contract, if not cured within any applicable cure period;
- 58.1.4. fails to perform the Work with sufficient workers, equipment or materials to ensure the completion of the Work or any part of the Work within the time specified by the Direct Contract;
- 58.1.5. persistently or repeatedly refuses or fails to supply an adequate number of skilled workers or supply of proper materials;
- 58.1.6. discontinues prosecution of the Work;
- 58.1.7. fails to remove materials, or repair, or replace Work that was rejected as defective or unsuitable, if not cured within any applicable time period;
- 58.1.8. fails to make prompt payment to Subcontractors or for material or labor;
- 58.1.9. fails to prosecute the Work in a manner acceptable to the Board, if not cured within any applicable cure period;
- 58.1.10. persistently disregards laws, ordinances or instructions of the Project Manager, Architect or Program Manager; or,
- 58.1.11. is otherwise guilty of a material breach of any provision of the Direct Contract.

58.2. Remedies. If the Direct Contractor defaults under the Direct Contract, the Project Manager may, without prejudice to any other right or remedy and after giving the Direct Contractor (and the surety or sureties on the Performance Bond given by the Direct Contractor) 7 Days written notice, terminate the Direct Contract for default. In that event, the Project Manager has the right to take possession of the Site and of all materials, tools and appliances on it and have assigned to itself or the Board, if it so desires, the Direct Contractor's subcontracts and material orders, and finish the Work by whatever method the Project Manager considers expedient. In that case, the Direct Contractor is not entitled to receive any further payment. If the expense of finishing the Work, including compensation for additional managerial and administrative services, exceeds the unpaid balance of the Base Direct Contract Price, the Direct Contractor (and the surety or sureties on the performance bond) are liable for and must pay the amount of the excess to the Project Manager. The Project Manager is responsible for certifying the expense incurred and the damage incurred through the Direct Contractor's default.

58.3. Termination For Convenience. The Project Manager reserves the right right, for its convenience, to terminate the Work of the Direct Contractor by written notice stating the effective date of the termination. In that case, the Direct Contractor and Subcontractors must (except for services necessary for the orderly termination of the Work):

- 58.3.1. stop all Work;
- 58.3.2. place no further order or subcontracts for materials, services, equipment or

supplies;

58.3.3. assign to the Project Manager (in the manner and to the extent directed) all of the rights of the Subcontracts relating to the Work;

58.3.4. take any action necessary to protect property of the Board and property in the Direct Contractor's possession in which the Board has, or may acquire, an interest; and,

58.3.5. take any other action toward termination of the Work that the Board may direct.

After that, the Project Manager will pay the Direct Contractor, subject to the limitations set forth here, the proportion of the Base Direct Contract Price that the Work actually performed (including materials delivered to the Site) at the date of termination bears to the entire Work to be performed. No payments will be made for Work not actually performed, and no payments will be made or due for lost profits for portions of the Work not actually performed.

58.4. Suspending the Work. The Project Manager reserves the right to suspend the Work wholly or in part by written stop order for the period as is necessary for the protection of the Project Manager and Board's interest. The stop order remains in effect until released in writing. The Project Manager does not assume any liability for damages or loss of anticipated profits resulting from the stoppage of Work, but it may grant the Direct Contractor an extension of time with Board's prior approval, commensurate with the period of actual delay in completion of Work, if the stop order was not necessitated by the acts, failure to act or negligence of the Direct Contractor. The Direct Contractor must take all means and precautions as may be required to properly protect the finished and partially finished Work during the period or periods of the stop order.

58.5. Limitation of Liability. In no event, whether as a result of termination for default, termination for convenience, suspension of the Work, breach of contract, negligence, or otherwise, is the Project Manager, the Board, Architect, Program Manager or any of them liable for damages for loss of profits, loss of use, loss of revenue, loss of bonding capacity, or any other special, indirect or consequential damages of any kind. The Project Manager's total liability for any loss, claim, or damage arising out of this Direct Contract or the performance or breach of it is limited to the value of the Work performed or the Base Direct Contract Price, whichever is less.

Chicago Public Schools Policy Manual

Title: CODE OF ETHICS POLICY OF THE CHICAGO SCHOOL REFORM BOARD OF TRUSTEES

Section: 503.1

Board Report: 99-0728-PO1 **Date Adopted:** July 28, 1999

Policy:
CODE OF ETHICS OF THE CHICAGO BOARD OF EDUCATION

WHEREAS, it is imperative that public officials and employees act in the highest ethical manner and preserve the public trust; and

WHEREAS, members of the Chicago Board of Education have been entrusted with a task of utmost importance: improving the quality of public education in the City of Chicago; and

WHEREAS, to carry out the important duties and responsibility of the Chicago Board of Education it is important that clear, comprehensive ethical requirements be established so that members of the public will have confidence in the operations of the Board and the Local School Councils; and

WHEREAS, it is particularly important that the members of the Chicago Board of Education, Local School Council members and Board employees set a good example for the children and taxpayers of the City of Chicago and the State of Illinois; and

WHEREAS, the adoption of ethical standards for Board members, Local School Council members and Board employees is in the best interest of the children in the Chicago Public Schools.

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE CHICAGO BOARD OF EDUCATION:

1. Authority and purpose.

This Board Policy is issued pursuant to authority granted in the Illinois School Code and the 1995 Amendments to the School Code contained in Public Act 89-15. The purpose of this Board Policy is to promote public confidence in the integrity of the Board by establishing consistent standards for the conduct of Board business by the Board's Members, Local School Council members and Board employees.

2. Construction of Board Policy.

Whenever used in this statement this Board Policy:

- (a) "Board" means the Board of Education of the City of Chicago and includes all schools operated by the Board of Education.
- (b) "Board vendor" means any person (including his agents or employees acting within the scope of their employment) who is paid consideration for a contract, work, business or sale with funds belonging to or administered by the Board.
- (c) "Business relationship" means any contractual or other private business dealing of an employee with a person or entity which entitles the employee to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, business relationship shall not include (a) any interest of the spouse of an official or employee which interest is related to the spouse's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or inheritance of less than one percent of the shares of a corporation, or any corporate subsidiary, parent or affiliate

thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended: (c) the authorized compensation paid to an official or employee for his office or employment; (d) any economic benefit provided equally to all residents of the city; (e) a time or demand deposit in a financial institution; (f) an endowment or insurance policy or annuity contract purchased from an insurance company.

(d) "Contract Management Authority" means personal involvement in or direct supervisory responsibility for the formulation or execution of a contract. This includes, without limitation, the preparation of specifications, evaluation of bids or proposals, negotiation of contract terms, and supervision of contract performance.

(e) "Doing business" means any one or any combination of sales, purchases, leases or contracts to, from or with the Board in an amount in excess of \$10,000.00 in any 12 consecutive months.

(f) "Employee" includes principals and all other employees of the Board, regardless of classification and regardless of whether employed on a full time or part time basis.

(g) "Financial interest" means (i) any interest as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500.00 per year; (ii) any interest with a cost of present value of \$5,000.00 or more; or (iii) any interest representing more than 10 percent of a corporation, partnership, sole proprietorship, firm, enterprise, franchise, organization, holding company, joint stock company, receivership, trust or any legal entity organized for profit; provided, however, financial interest shall not include (a) any interest of the spouse of an official or employee which interest is related to the spouse's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or inheritance of less than one percent of the shares of a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (c) the authorized compensation paid to an official or employee for his office

or employment (d) any economic benefit provided equally to all residents of the city; (e) a time or demand deposit in a financial institution; (f) an endowment or insurance policy or annuity contract purchased from an insurance company.

(h) "Official" includes members of the Board and members of Local School Councils.

(i) "Person" means any individual or legal entity, regardless of its form.

(j) "Relative" means a person related to an official or employee of spouse of as any of the following, whether by blood, marriage or adoption: parent, son daughter, step-son, step-daughter, brother, sister, aunt, uncle, niece, nephew, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, step-father, step-mother, step-brother, step-sister, half-brother, half-sister or first cousin.

(k) "Seeking to do business" means (1) taking any action within the past six months to obtain a contract or business from the Board, when, if such action were successful, it would result in the person's doing business with the Board; and (2) the contract or business sought has not been awarded to any person.

(l) Use of the masculine includes the feminine.

(m) Use of the singular includes the plural and use of the plural includes the singular.

(n) "Director Economic Interest." A person is considered to have a direct economic interest if he, his spouse or a member of his household:

(1) is the proprietor of a sole proprietorship;

(2) owns a five percent or greater interest of any class of stock of a corporation by vote or value;

(3) owns a five percent or greater interest in the profits or capital of a partnership;

(4) owns a five percent or greater beneficial interest in a trust; or

(5) is an officer or director of a corporation, the general or managing partner of a partnership, or the trustee of a trust.

(o) "Indirect Economic Interest." A person is considered to have an indirect economic interest if the person's relative who is not a member of the person's household:

(1) is the proprietor of a sole proprietorship;

(2) owns a five percent or greater interest of any class of stock of a corporation by vote or

value;

- (3) owns a five percent or greater interest in the profits or capital of a partnership;
- (4) owns a five percent or greater beneficial interest in a trust; or
- (5) is an officer or director of a corporation, general or managing partner of a partnership, or the trustee of a trust.

(p) Exclusions. Direct or Indirect Economic Interest shall not include:

- (1) any interest of the spouse of an employee who does not exercise contract management authority and which interest is related to the spouse's independent occupation, profession or employment;
- (2) any ownership of less than five percent of any class of stock of a corporation;
- (3) the authorized compensation paid to an official or employee for his office or employment;
- (4) any economic benefit provided by the Board equally to all residents of the city;
- (5) time or demand deposit in a financial institution;
- (6) an endowment or insurance policy or annuity contract purchased from an insurance company;
- (7) compensation for property taken for use by the Board pursuant to the eminent domain power; and
- (8) economic interests or other rights obtained by Board employees through a collective bargaining agreement.

(q) "Secondary employment" means any non-Board employment or activity for which an employee receives any type of remuneration for services rendered.

3. Fiduciary duty.

At all times in the performance of their public duties, officials and employees of the Board owe a fiduciary duty to the Board and to the taxpayers of the City of Chicago and the State of Illinois.

4. Use of Board property and funds.

Board property and funds shall be used only for Board purposes and in the manner specified or directed by the Board. No official or employee shall engage in or permit the misuse of Board property or funds.

5. Nepotism prohibited.

(a) No official or employee of the Board, including principals, assistant principals and members of Local School Councils, shall hire or advocate for hiring, or appoint or advocate for appointment, in any Board facility, including any school, in which the official or employee serves or over which he exercises authority, supervision, or control any person (i) who is a relative of that official or employee, or (ii) in exchange for or in consideration of the hiring or appointment of any of that official or employee, or (ii) in exchange for or in consideration of the hiring or appointment of any of that official's or employee's relatives by any other official or employee.

(b) No person may be hired for, or transferred to, a position in which he would exercise supervision and evaluation authority over a relative who is employed at that school or Board facility.

(c) No person may become a contract principal at a school in which a relative of that person is employed or is a member of the Local School Council. No person, otherwise eligible, shall be a candidate for, or be appointed to, a Local School Council for a school where the person's relative is the principal.

(d) In instances where an individual is appointed interim principal of a school, and one or more of the interim principal's relatives is currently employed by that school or sitting on the Local School Council for that school, the Chief Executive Officer may grant a waiver of compliance with paragraph (c).

(e) No official or employee shall exercise contract management authority where any relative of the official or employee is employed by or has contracts with any person doing work over which the official or employee has or exercises contract management authority.

(f) No Local School Council Member may recommend or advocate any personnel action

which affects any of his or her relatives employed at the school affiliated with that Local School Council Member. No relative of a Local School Council Member shall be hired as a consultant, employee or in any other capacity at the school affiliated with that Local School Council Member. If a relative of a Local School Council Member is employed at the school at which the Local School Council Member serves, the Local School Council Member shall abstain from voting on approval of the expenditure plan and approval of the school improvement plan.

(g) The Chief Executive Officer may grant waivers of compliance with paragraphs (a), (e), and (f) of this Section 5. A waiver may be granted only on the Chief Executive Officer's determination that the waiver will serve the best interests of the Board and the children in the Chicago Public Schools. In considering whether to grant a waiver, the Chief Executive Officer shall consider the following: the nature of the employment or assignment involved; the unique qualifications of the prospective employee, official or consultant; the unique qualifications of the prospective employee, official or consultant; and the nature and extent of the official's or employee's supervisory authority over the prospective employee, official or consultant under paragraphs (a) and (f) or the nature or extent of the official's or employee's contract management authority over the prospective employee, official or consultant under paragraph (e). The Chief Executive Officer may also consider any other unique circumstances which are consistent with the best interests of the Board and the children on the Chicago Public Schools in determining whether to grant a waiver. A waiver granted under the paragraph shall be in writing, shall contain the reasons for the waiver and shall be filed with the Board prior to the action requiring the waiver. The portion of this paragraph allowing waivers shall be narrowly construed, in strict accordance with the standards articulated in this paragraph.

(h) No official or employee shall use or permit the use of his position to assist any relative in securing employment or contracts with any person over whom the employee or official exercises contract management authority. The employment of a relative of such an official or employee during within six months after expiration of the official's term of office or the employee's employment shall be evidence that the relative's employment was obtained in violation of this Policy. The contracting with a relative of such an official or employee by such a person within six months before, during the term of, or within six months after the official's term of office or employment shall be evidence that the relative's contract was obtained in violation of this Board Policy.

6. Economic interest in contracts and Board work prohibited for all Board officials and employees.

(a) No official of the Board or employee shall have a direct economic interest in his own name or in the name of any other person in any contract, work or business of the Board, or in the sale of any article, whenever the expense, price or consideration of the contract, work, business or sale is either (i) paid with funds belonging to or administered by the Board or (ii) authorized by action of the Board.

(b) A Board member who has an indirect economic interest in the name of any person, trustee, or corporation in any contract, work, business or sale on which the Board shall be called upon to vote shall: (i) disclose such economic interest publicly at a Board Meeting prior to any vote being taken on the matter and (ii) abstain from voting on the matter.

(c) Unless sold pursuant to a process of competitive bidding following public notice, no official or employee shall have direct economic interest in the purchase of any property that: (i) belongs to the Board, or (ii) is sold by virtue of legal process in a suit involving the Board.

(d) This Section 6 shall not apply to Local School Council members.

(e) The Chief Executive Officer may grant waivers of compliance with paragraph (a) of this Section 6. A waiver may be granted only on the Chief Executive Officer's determination that the waiver will serve the best interests of the Board and the children in the Chicago Public Schools. In considering whether to grant a waiver, the Chief Executive Officer shall consider the following: the nature of the contract, work, business, or sale involved; the unique qualifications of the prospective Board vendor; and the nature of or extent to which the official or employee with an economic interest will exercise contract management authority over the prospective Board vendor. The Chief Executive Officer may also consider

any other unique circumstances which are consistent with the best interests of the Board and the children in the Chicago Public Schools in determining whether to grant a waiver. A waiver granted under this paragraph shall be in writing, shall contain the reasons for the waiver and shall be filed with the Board prior to the transaction requiring the waiver. The portion of this paragraph allowing waivers shall be narrowly construed, in strict accordance with the standards articulated in this paragraph.

7. Economic interest in contracts and School work.

(a) No Local School Council member shall have a direct or indirect economic interest, in his own name or in the name of any other person, proprietorship, partnership, trust or corporation in any contract, work or business of the school in which he serves. In addition, no Local School Council member shall have a direct or indirect economic interest in the sale, purchase or lease of any article, for which the expense, price or consideration is paid by his Local School Council or by the school in which he serves, if the member may be called upon to vote on entering into such sale, purchase or lease.

(b) No Parent or Community Local School Council member shall receive any form or remuneration or parent stipend from his school, except that the Board of Education may provide for reimbursement of members of Local School Councils for reasonable and necessary expenses (excluding lodging or meal expenses) incurred in the performance of their duties.

(c) A teacher representative on a Local School Council who intends to apply for the principalship of the school in which he or she serves as a council member shall abstain from voting on the question of whether the current principal's contract shall be renewed. If a teacher representative on a Local School Council votes on the question of whether the present principal's contract shall be renewed and if the Local School Council votes not to renew the contract of the present principal, the voting teacher representative shall be ineligible to apply for that vacancy. The teacher representative must resign from his Local School Council prior to the start of the selection process for the principalship. Any teacher representative who does not resign from his Local School Council prior to the start of the principal selection process shall be ineligible to apply for the position of principal at that school.

8. Employee exercising contract management authority.

An employee who exercises contract management authority regarding any Board business or transaction shall not exercise such authority in connection with:

- (1) Board business with an entity in which the employee has financial interest;
- (2) Board business with a person with whom the employee has an employment relationship;
- (3) Board business with a person with whom the employee has a business relationship; and
- (4) Any contact in which the employee's spouse has a financial interest.

9. Conflict of interest - improper influence.

(a) No official or employee shall make, participate in making, or in any way attempt to use his position to influence any Board decision or action in which he knows or has reason to know that he has any direct or indirect economic interest distinguishable from that of the general public.

(b) No Board employee shall recommend or retain or hire as a Board employee or Board vendor any person with whom the employee has a business relationship.

10. Offering, receiving and soliciting gifts, loans or favors.

(a) No person shall give to any official or employee, or to his spouse or other member of his household, and none of them shall solicit or accept, any anonymous gift.

(b) No person shall give or offer to any official, employee or Board contractor, or to his spouse or other member of his household, and none of them shall accept, anything of value, including, but not limited to, a gift, favor, loan or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgements of any official, employee or Board contractor concerning the business of the Board would be influenced thereby. It shall be presumed that a non-

monetary gift having a value of less than \$50.00 does not involved such an understanding.

(c) No person who has a direct or indirect economic interest in a specific Board business, service or regulatory transaction shall give, directly or indirectly, to any official or employee whose decision or action may be substantially affect such transaction, or to his spouse or other member of his household, and none of them shall accept, any gift or loan of (i) cash or its equivalent regardless of value or (ii) an item or service other than an occasional one of nominal value (less than \$50.00); provided, however, that nothing herein shall be construed to prohibit such official or employee, or his spouse or other member of his household, from accepting gifts from relatives.

(d) Except as prohibited in subsections (a) and (b), nothing in this Section 10 shall prohibit any person from giving or receiving: (i) an award publicly presented in recognition of public service; (ii) commercially reasonable loans made in the ordinary course of the lender's business; (iii) political contributions, provided they are reported to the extent required by law; (iv) reasonable hosting, including travel and expenses, entertainment, meals or refreshments furnished in connection with public events, appearances, or ceremonies related to official Board business, if furnished by the sponsor of such public event.

(e) Any gift given in violation of the provisions of this Section shall be turned over to the Chief Fiscal Officer, who shall add the gift to the inventory of Board property.

(f) Nothing in this Section 10 shall prohibit any official or employee, or his spouse or other member of his household, from accepting a gift on the Board's behalf; provided, however, that the person accepting the gift shall promptly report receipt of the gift to the Board and to the Chief Fiscal Officer, who shall add it to the inventory of Board property.

(g) Any official or employee who receives any gift or money for participating in the course of his public employment in speaking engagements, lectures, debates or organized discussion forums shall report the payment to the Board within five business days.

(h) The Chief Purchasing Officer shall appoint a standing committee that will receive and investigate violations of the Board's policy concerning the offering, receipt, and solicitation of gifts, loans or favors, and to conduct hearings regarding such violations. The committee will also be empowered to subpoena witnesses and documents, to issue recommendations for Board action, and to impose fines for violations of the Board's policy. The committee shall promulgate procedures and rules governing the performance of its duties and the exercise of its powers. The committee shall meet as often as necessary to perform its duties.

11. Solicitation or receipt of money for advice or assistance.

No official or employee, or his spouse or other member of his household, shall solicit or accept any money or other thing of value including, but not limited to, gifts, favors, services or promises of future employment, in return for advice or assistance on matters concerning the operation of business of the Board; provided, however, that nothing in this Section 11 shall prevent an official or employee or the spouse of an official or employee from accepting compensation for services wholly unrelated to the official's or employee's official duties and responsibilities and rendered as part of his non-Board employment, occupation or profession.

12. Secondary employment

(a) No employee may engage in any secondary employment that is in conflict with the duties or demands of his Board employment. Before obtaining or accepting any secondary employment that is not prohibited by the first sentence of this Section 12 (b), an employee must notify the Ethics Officer of the following: the name and address of the secondary employer; the location of the proposed secondary employment, if different from the secondary employer's address; the nature and duties of the secondary employment; and the anticipated hours of the secondary employment. If the employee derives income from his own business or provides personal or professional services to third parties, such information, including the nature of the business or services and the approximate number of hours per month or year, as appropriate, spent on such business or service must be reported to the Ethics Officer.

(b) No non-clerical employee of the office of the Chicago Board of Education or the office of the Board's Chief Executive Officer, nor any entity in which such persons have a financial interest, shall have any employment relationship with any entity other than the Board. Additionally, the following employees are precluded from all secondary employment except with the written approval of the Chief Executive Officer: all chiefs, department directors, and deputy directors; employees of the Department of Procurement and Contracts; and employees of the Office of the Inspector General and all other investigative employees. Attorneys in the Law Department are precluded from all secondary employment except with the written approval of the Board General Counsel. Attorneys in the Law Department expressly are prohibited from performing legal work for or undertaking legal representation of any entity other than the Board of Education.

13. Use or disclosure of confidential information.

No current or former official or employee shall use or disclose, other than in the performance of his official duties and responsibilities, or as may be required by law, confidential information gained in the course of or by reason of his position or employment. For purposes of this Section, "confidential information" means any information that may not be obtained pursuant to the Illinois Freedom of Information Act, as amended. Nothing in this Section shall limit the rights afforded to "whistle blowers" pursuant to 105 ILCS 5/34-2.4 (c) (1995).

14. Representation of other persons.

(a) No official or employee may represent, or have a direct or indirect economic interest in the representation of, any person other than the Board in any formal or informal proceeding or transaction before the Board or any of its committees. Nothing in this Section shall preclude any employee from performing the duties of his employment, or preclude any official from appearing without compensation before the Board or any Board committee in the course of his duties as an official.

(b) No official or employee may have a direct or indirect economic interest in the representation of any person in any judicial or quasi-judicial proceeding before any administrative agency or court in which the Board or a Local school Council is a part and that person's interest is adverse to that of the Board or the Local School Council.

15. Contract inducements.

No payment, gratuity or offer of employment shall be made in connection with any Board or Local School Council contract by or on behalf of a subcontractor to the prime contractor or higher-tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order. This prohibition shall be set forth in every Board contract and solicitation therefore.

16. Post-employment and post-membership restrictions.

(a) No former official or employee shall assist or represent any person other than the Board in any judicial or administrative proceeding involving the Board, if the official or employee was counsel of record or participated personally and substantially in the proceeding during his term of office or employment.

(b) No former official or employee shall, for a period of one year after the termination of the official's or employee's term of office or employment, assist or represent any person in any business transaction involving the Board, if the official or employee participated personally and substantially in the subject matter of the transaction during his term of office or employment; provided, that if the official or employee exercised contract management authority with respect to a contract, this prohibition shall be permanent as to that contract.

(c) No former Board Member shall be eligible for employment by the Board in any capacity for a period of one year after the termination of his membership on the Board.

(d) No Local School Council member shall be eligible for any type of employment at the school at which he served as a member of the school's Local School Council, for a period of one year after the termination of his membership on said Local School Council. This paragraph (d) shall not apply to principal or teacher Local School Council members.

(e) No former Board Member shall have any direct or indirect economic interest in any Board contract for a period of one year after the termination of his membership on the Board.

(f) No Local School Council member shall have any direct or indirect economic interest in a contract involving the school at which he served as a Local School Council member for a period of one year after the termination of his membership on said Local School Council.

(g) The Chief Executive Officer may grant waivers of compliance with paragraph (b) of this Section 16. A waiver may be granted only on the Chief Executive Officer's determination that the waiver will not harm the Board or the children of the Chicago Public Schools. In considering whether to grant a waiver, the Chief Executive Officer shall consider the following: whether the individual seeking the waiver has left the employ of the Board voluntarily or involuntarily, including pursuant to a reduction in force; and whether there is any appearance of impropriety regarding the new employment that is the subject of the waiver. The Chief Executive Officer may also consider any other circumstances which are consistent with the best interests of the Board and the children in the Chicago Public Schools in determining whether to grant a waiver. A Waiver granted under this paragraph shall be in writing, shall contain the reasons for the waiver and shall be filed with the Board prior to the action requiring the waiver. The portion of this paragraph allowing waivers shall be narrowly construed, in order to minimize the occurrence of waivers.

17. Disclosures

(a) An employee must file with the Board's Chief Purchasing Office, on a form to be provided by the Office of the Chief Purchasing Officer, any ownership interest that his or her spouse has in an entity that does business with the Board.

(b) All contracts and leases to which the Board is a part shall be accompanied by a disclosure of the name and address of:

(1) each attorney who was retained by the Board vendor in connection with the contract or lease;

(2) each lobbyist who was retained by the Board vendor in connection with the contract or lease;

(3) each consultant who was retained by the Board vendor in connection with the contract or lease; and

(4) any other person who will be paid any fee for communicating with Board employees or officials when such communications are intended to influence the issuance of the contract or lease.

(c) The above-listed disclosures, as well as any other disclosures that must be submitted to the Board by persons entering into contracts or leases with the Board, are to be kept in a form which allows their inspection by the public or any other entity.

(d) In order to assist candidates for public office in monitoring compliance with Chicago's ordinance which sets an upper limit of \$1,500.00 on campaign contributions by an entity that does business with the Board or has done business with the Board during the past four years, the office of the Board's Chief Purchasing Officer shall submit to the City of Chicago a list of all entities that have done business with the Board during the past four years. A revised list including this information shall be submitted to the City each month.

18. Filing of Statements of Economic Interests.

All employees and Board officials must file annual Statements of Economic Interests as required by Board Rule and Policies.

19. Penalty for violations.

(a) Any employee who violates this Board Policy shall be subject to discipline, including suspension or dismissal.

(b) Any official who violates this Board Policy may be subject to disqualification from office.

20. Effective date.

This Board Policy shall be in effect beginning September 28, 1995, except where the above-enumerated conduct was previously prohibited by law or current or previous Board

policy. Amendments to this policy take effect upon Board approval.

21. This Code of Ethics of the Chicago Board of Education supersedes Resolution 90-0117-RS2 to Prohibit Conflicts of Interests, enacted on January 17, 1990.

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Amends/Rescinds: Amends 95-0927-RU3; 96-0327-PO7; 97-1119-PO1; 98-0923-PO4, 99-0421-PO2

Cross References:

Legal References:

EXHIBIT D

**LAW, RULES, AND REGULATIONS
APPLICABLE TO THE BOARD**

Bid Policies
Construction Conditions
Code of Ethics

CHAPTER V

ADMINISTRATIVE AND FINANCIAL POLICIES

Sec. 5-1. Fiscal and School Year. The fiscal year of the Board of Education shall commence on the first day of July of each year. (Amended 08-15-79; 07-31-91; 03-28-01)

Sec. 5-2. Office Hours. The general offices of the Board of Education shall be open on Monday through Friday each week from 8:00 o'clock A.M. to 5:00 o'clock P.M. (Holidays designated in section 5-3 excepted.) (Amended 07-31-91)

Sec. 5-3. Holidays - Offices. The offices of the Board of Education shall be closed on the following legal holidays: January 1 (New Year's Day); the third Monday in January (the birthday of Dr. Martin Luther King, Jr.); February 12 (Lincoln's birthday); the third Monday in February (Presidents' Day); the first Monday of March (the birthday of Casimir Pulaski); the last Monday in May (Memorial Day); July 4 (Independence Day); the first Monday in September (Labor Day); the second Monday in October (Columbus Day); November 11 (Veteran's Day); any day appointed by the President of the United States or the Governor of the State of Illinois as a day of fast or thanksgiving; the fourth Thursday and Friday in November (Thanksgiving Day Recess); December 25 (Christmas Day); and on such other days as the President, with the approval of or ratification by the Board of Education, may direct. When any such holidays fall on Sunday, the Monday next following shall be held and considered such holiday. (Amended 10-14-70; 08-11-71; 10-25-72; 11-20-85; 07-31-91; 10-25-95; 08-28-96)

Sec. 5-4. Bid Policy. All contracts for supplies, materials or work involving an expenditure in excess of \$10,000.00 shall be award through the recommendations of the Chief Purchasing Officer in accord with the precepts of formal sealed competitive bids to the lowest responsible bidder considering conformity with specifications, terms of delivery, quality and serviceability after due advertisement, except as follows: contracts which by their nature are not adapted to award by competitive bidding, such as contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part; contracts for the printing or engraving of bonds, tax warrants and other evidences of indebtedness; contracts for utility services such as water, light, heat, telephone or telegraph; contracts for the purchase of perishable foods and perishable beverages, contracts for materials and work which have been awarded to the lowest responsible bidder after due advertisement, but due to unforeseen revisions, not the fault of the contractor for materials and work, must be revised causing expenditures not in excess of \$10,000 or 10% of the

contract price, whichever is less; contracts for the maintenance or servicing of, or provision of repair parts for, equipment which are made with the manufacturer or authorized service agent of that equipment where the provision of parts, maintenance, or servicing can best be performed by the manufacturer or authorized service agent; purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and interconnect equipment, software, and services; contracts for duplicating machines and supplies; contracts for the purchases of natural gas when the cost is less than that offered by a public utility; purchases of equipment previously owned by some entity other than the district itself; contracts for repair, maintenance, remodeling, renovation, or construction, or a single project involving an expenditure not to exceed \$20,000 and not involving a change or increase in the size, type, or extent of an existing facility; contracts for goods or services procured from another governmental agency; contracts for goods and services which are economically procurable from only one source, such as the purchase of magazines, books, periodicals, pamphlets and reports, and except where funds are expended in an emergency and such emergency expenditure is approved by 3/4 of the Members of the Board. However, the requirements of this section shall not apply when, in the judgment of the General Superintendent of Schools or the Chief Purchasing Officer it is necessary to make repairs and alterations, and purchases of equipment and supplies as a result of an unforeseen combination of circumstances which call for immediate action as a result of fire, accident, threat to the safety, security or well being of students or staff, or other conditions and such action is necessary to protect the property of the Board of Education or the occupants of the buildings, or to prevent interference with school sessions or to protect the safety, security or well being of students and staff. Such expenditures shall be charged to the proper fund and account by the Controller and then be reported each month to the Board of Education by the General Superintendent of Schools or the Chief Purchasing Officer. (Amended 12-27-67; 09-28-79; 10-28-81; 11-19-86; 01-24-96; 06-23-99)

Sec. 5-4.1 Request for Proposals and/or Qualifications. All contracts in excess of \$25,000 for supplies, materials, non-personal services, personal and consulting services or other work, which are not required to be awarded through the competitive Bid Solicitation process pursuant to Board Rule 5-4, except as to emergency expenditures described thereunder and purchases for which the Chief Purchasing Officer has determined only a sole supplies exists, are subject to public solicitation and award through public canvassing of Requests for Proposals or Requests for Qualifications.

The Chief Purchasing Officer shall determine and specify circumstances and conditions where it may be in the best interest of the Board to establish a pre-qualified "pool" of responsible vendors, suppliers, consultants and contractors

through the public canvassing of Requests for Qualifications. The Chief Purchasing Officer shall further establish requirements regarding the use and/or hiring of any and all pre-qualified vendors, suppliers, consultants and/or contractors.

The public canvassing of Solicitations of Bids, Requests for Proposals and/or Qualifications for contracts and purchases shall be authorized and managed by the Chief Purchasing Officer and shall be approved as to legal form by the General Counsel prior to public canvassing. The Chief Purchasing Officer shall establish requirements regarding the publication of any and all Solicitations of Bids, Requests for Proposals and/or Qualifications for contracts and purchases. (Adopted 06-23-99; Amended 02-23-00)

Sec. 5-5. Contract and Bond - Method of Awarding Contracts. Contracts shall be awarded to the lowest responsible bidder upon the recommendation of the Chief Purchasing Officer. No person or business entity shall be awarded a contract if that person or business entity has been convicted of bribery or attempting to bribe a public officer or employee of the Board of Education of the City of Chicago, the State of Illinois, or any other public entity, in that officer or employee's official capacity; nor has been convicted of agreement or collusion among bidders or prospective bidders in restraint of freedom of competition by agreement to bid a fixed price, or otherwise; or has made an admission of guilt of such conduct described above which is a matter of record but has not been prosecuted for such conduct. Ineligibility under this section shall continue for three years following such conviction or admission. For purposes of this section, where an official, agent or employee of a business entity has committed such conduct described above on behalf of such an entity and pursuant to the direction or authorization of a responsible official thereof, the business entity shall be chargeable with the conduct.

Redlined section suspended 08-28-96

~~Unless otherwise prohibited by law, in contracts involving \$10,000.00 or more, a 2% local business preference shall be applied in determining the successful bidder. The Chief Purchasing Officer shall, in the purchase of all supplies, materials or work by competitive sealed bidding, accept the lowest bid price from a responsible local business, provided that the bid does not exceed the lowest bid price from a responsible non-local business by more than two percent (2%). A "local" business is a business authorized to do and doing business under the laws of the City of Chicago, located within the corporate limits of the City of Chicago, which has the majority of its regular, full-time work force located within the City, and which is subject to the City of Chicago taxes. Notwithstanding the 2% local business preference if the lowest responsible bidders both remain equal the successful bidder shall be determined by the bidder whose product is manufactured in Illinois. When among lowest responsible bidders two or more offer~~

~~a product manufactured in Illinois, the successful bidder shall be determined by the bidder offering a product manufactured in Chicago. When there are no bidders offering a product manufactured in Chicago, or in a locality in Illinois outside Chicago, When the bids of the lowest responsible bidders are equal, the successful bidder shall be determined by the date and time of receipt of the bid specification document in the office of the Chief Purchasing Officer. (Amended 01-24-96; 08-28-96)~~

A written contract shall be executed and, when directed by the Board of Education, a bond in an amount sufficient to insure fulfillment of such contract shall be executed by the successful bidder. Such bond to be signed by any responsible surety company approved by the Chief Fiscal Officer or designee and licensed to do business in the State of Illinois. No contract shall be deemed executed or bond accepted until its legal form has been first approved by the General Counsel. (Amended 01-24-96; 02-23-00)

A written contract executed in accordance with the Board Rules shall not be required where the purchase of merchandise is to be made in the open market, no labor is required on the Board premises, and no payment is to be made until delivery and approval of the merchandise or service. (Amended 11-15-78; 09-28-79; 01-24-96)

Sec. 5-6. Deposits, Bid Bonds, Performance Bond. Bid deposits shall not be required when the total of the bid proposals is \$10,000.00 or less, except when required in the discretion of the Chief Purchasing Officer. When a bid deposit shall be required, it shall be so stated in the Solicitation of Bids and Request for Proposals and/or Qualifications and the deposit shall be in a reasonable amount but not in excess of 5% of the total bid proposal. (Amended 11-18-87; 07-31-91; 01-24-96)

The deposit when required, shall be in the form of money order, United States Government bonds, certified check drawn upon some banking institution in good standing and made payable to the order of the Board of Education of the City of Chicago, or a specific bond, or a letter of credit. (Amended 01-24-96)

In lieu of submitting the deposit as herein above provided, a bidder may file with the Board of Education an annual bid bond, the amount of which shall be determined by the Chief Purchasing Officer and the form approved by the Attorney, provided, however, an annual bid bond shall not be accepted on construction work, alterations, and repairs to buildings and grounds. Such bid bond shall in no case be less than \$10,000.00, and shall cover all bid proposals submitted by such bidder during the period of the bond. (Amended 11-18-87; 07-31-91; 01-24-96)

All bid bonds shall be signed by any responsible surety company licensed to do business in the State of Illinois.

No proposal requiring a bid deposit shall be considered unless it is accompanied by the proper deposit or an approved annual bid bond is on file, as herein above provided.

All deposits accompanying a proposal except that of the successful bidder, shall be refunded or returned after the successful bidder has been determined.

A performance bond shall be required for all building construction and building repair work, annual purchases of fuel, and children's transportation services. A performance bond may, in the discretion of the Chief Purchasing Officer also be required for purchases of furniture, apparatus of equipment from one bidder totaling \$25,000.00 or more. A blanket performance bond may be filed by a contractor to cover and insure performance of contracts for installation and repair jobs of which exceed \$1,000.00 provided, however, that no such single bond shall cover more than a total of \$25,000.00 of such contracts. A performance bond shall also be required on all other purchases or contracts when specified by the Chief Purchasing Officer. In lieu of a performance bond a successful bidder may submit a cashier's check or certified check equal to the requirements of the performance bond. (Amended 07-31-91; 01-24-96)

When a performance bond is required, it shall be stated in the Solicitation of Bids and Request for Proposals and/or Qualifications and the bond required shall be in amount sufficient to insure the fulfillment of the contract of the successful bidder. Such bond shall be signed by any responsible surety company licensed to do business in the State of Illinois. (Amended 01-24-96)

The successful bidder's deposit shall be refunded or returned upon the bidder's acceptance of the purchase order and upon the execution and delivery of a performance bond if such is required. (Amended 05-13-70; 01-24-96)

In case of a failure or refusal on the part of a bidder, whose proposal has been accepted, to accept a purchase order issued pursuant thereto, or to execute a contract and performance bond when required, within 10 days from the date of written notice to do so, the deposit of the bidder so failing or refusing may be forfeited and retained by the Board of Education as liquidated damages and not as a penalty - or, when a bid bond has been furnished in lieu of a deposit, the Board of Education may take action on the bond. (Amended 05-13-70)

An unconditional and irrevocable letter of credit addressed to the Board of Education of the City of Chicago in the amount required hereunder, or by the specifications of any solicitation of bids along with an undated draft payable to the Board of Education of the City of Chicago in the amount required, and a letter authorizing the dating and presentment of said documents in the sole discretion of the Board of Education may be supplied in any instance where a surety bond would be required, except in those instances where a surety bond is now or shall in the future be required by law or other cause which requirement and cause shall be recited in the solicitation of bids or request for proposal. (Adopted 03-26-86; 11-19-86)

Sec. 5-7. Bid Procedure. Except as may otherwise be provided by the Board when formal bids are taken, as many bids shall be secured as practicable, basing the solicitation upon a list of prospective bidders that are qualified to provide supplies, materials or work. At least one public notice is to be made at least 10 days before the bid date in a newspaper published in the district and shall simultaneously be posted on a readily accessible bulletin board in the Office of the Chief Purchasing Officer. Each bidder receiving a copy of the solicitation must receive at least 3 days notice of the time and place of such bid opening. All competitive bids for contracts involving an expenditure in excess of \$10,000 must be sealed by the bidder and must be opened by the Chief Purchasing Officer or designate at a public bid opening at which the contents of the bids must be announced. (Amended 01-24-96)

When the stated bid opening day falls upon a holiday as established by the Rules of the Board of Education, the time for receipt and opening of bids shall automatically be continued to the next following business day at the same hour. (Amended 02-28-68; 11-24-71; 10-28-81; 11-19-86; 10-27-98)

Sec. 5-8. Schedule of Bids. When the bids are scheduled, a copy of said schedule shall be posted in the Bureau of Purchases not later than four days following the day on which bids are opened. A schedule of bids, certified by the Chief Purchasing Officer, shall also be forwarded to the Secretary of the Board of Education who shall file the same in a safe place and properly preserve them as part of the official records of the Board of Education. (Amended 01-24-96)

Sec. 5-9. Rejection of Bids. The Board of Education or the Chief Purchasing Officer shall have the right to reject any or all bids or proposals. (Amended 01-24-96)

Sec. 5-10. Expenditures For All Items Which Are Not Required to be Awarded Through a Competitive Bid Solicitation Process. Upon requisition duly signed or authorized by the General Superintendent of Schools, the Chief

Purchasing Officer, the Chief Fiscal Officer or the General Counsel, as appropriate for their respective areas of responsibilities, expenditures for supplies, materials, non-personal services, personal and consulting services or other work which are not required to be awarded through the competitive bid solicitation process pursuant to Board Rule 5-4, up to \$25,000.00 may be made by purchase order charging appropriated funds. Such commitments of less than \$25,000.00 (except real estate) shall be submitted reported to the Board on a monthly basis. Board approval shall be first obtained for all such commitments in excess of \$25,000.

Pursuant to Section 5-12 of these Rules, expenditures under \$25,000 shall be included in the Chief Purchasing Officer's monthly report. (Amended 05-12-82; 09-07-82; 05-09-84; 07-31-91; 01-24-96; 02-23-00; 09-26-01)

Sec. 5-10.1. Expenditures - Personal Service/Consultant.
(Repealed 10-26-01)

Sec. 5-10.2. Expenditures - Pre-Qualified Vendors. The Chief Purchasing Officer shall submit a Board Report each quarter of all expenditures made to pre-qualified vendors showing a list of expenditures made to each pre-qualified vendor as well as an accounting and reconciliation of such individual expenditures against the total expenditures authorized for the applicable pre-qualified pool of vendors. (Adopted 06-23-99)

Sec. 5-11. Fuel. When annual contracts for fuel are to be awarded, the Chief Purchasing Officer shall solicit written proposals upon detailed specifications. Bids shall be solicited as provided in these Rules. The annual contracts when awarded shall be executed in duplicate. A surety bond in an amount equal to the estimated total amount of each contract shall be furnished by the successful bidder, at the bidder's cost, to secure the faithful performance of the terms of the contract. When the Board of Education elects to purchase fuel on the open market, proposals from at least three reputable fuel dealers or operators shall be obtained whenever practicable.

Whenever an emergency exists and it shall be necessary in order to prevent the closing of school building for lack of fuel, the Chief Purchasing Officer shall secure the necessary fuel whenever it is possible to obtain it at a fair market price. (Amended 01-24-96)

Sec. 5-12. Chief Purchasing Officer's Monthly Report. The Chief Purchasing Officer shall submit a report each month of all expenditures made for items not requiring a written contract pursuant to Board Rule 2-5.1, showing a list of expenditures made, the purchase order issued, if any, the prices thereof, the names of those from whom the articles were purchased, and the school,

CONSTRUCTION CONDITIONS

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****These Construction Conditions shall apply to the extent that they are pertinent to individual Projects. The Board reserves the right to unilaterally modify the provisions of these Construction Conditions by giving written notice of such modifications.**

GENERAL CONDITIONS OF THE WORK

1. THE DIRECT CONTRACT

- 1.1 With respect to any Project, the Direct Contract shall include the following:
 - 1.1.1 The Bid Documents;
 - 1.1.2 Direct Contractor's Response ;
 - 1.1.3 Notice of Award;
 - 1.1.4 Notice to Proceed;
 - 1.1.5 Specifications and drawings that may be provided by the Architect or other agents of the Board with the Bid Documents and from time to time;
 - 1.1.6 Change Orders (if any); and
 - 1.1.7 Performance and Payment Bonds as required.

2. OTHER DEFINITIONS AND CONVENTIONS

- 2.1 As used in the Direct Contract:
 - 2.1.1 Words in the singular include the plural unless the context clearly indicates otherwise.
 - 2.1.2 Gender-specific words include all genders.
 - 2.1.3 Article and section captions are for convenience and do not affect the substance of the article or section.
- 2.2 Wherever used in any of the Direct Contract documents, these terms have these meanings:
 - 2.3 "Architect" means any person or firm employed by the Board for the purpose of designing and observing the Work embraced in this Direct Contract acting directly or indirectly through any assistants.
 - 2.4 "Attorney" means the general counsel of the Board.
 - 2.5 "Award Criteria Figure" means, in connection with bidding, the amount entered or to be entered on Line 15 of the Board's Canvassing Formula (see CSI Section 00750, Special Conditions for MBE/WBE Economic Participation), corrected for any arithmetic errors.
 - 2.6 "Base Direct Contract Price" means the amount of compensation, based upon Direct Contractor's Bid Price (as adjusted pursuant to 720 ILCS 5/33E-12, if applicable) to be paid for the Work to be performed by the Direct Contractor as adjusted in accordance with authorized Change Orders from time to time.
 - 2.7 "Bid Documents" means the Project Manager's solicitation for bids issued in connection with one or more specific Projects, including the Specifications for the Work and any Addenda, as such Bid Documents have been pre-approved by the Board in writing.
 - 2.8 "Board" means the Chicago School Reform Board of Trustees on behalf of the Board of Education of the City of Chicago.
 - 2.9 "Change Order" means the written order issued by the Project Manager to the Direct Contractor directing changes in the Work and/or the time for completion of the Direct Contract. *All Change Orders are subject to the Board's pre-approval.*

- 2.10 "Capital Planning" means a department within the Board's Operations Department or a Board consultant that is charged with, among other things, implementation of the Board's Capital Improvement Program.
- 2.11 "Chicago Public Schools" or "CPS" means all of the facilities owned or leased by the Board.
- 2.12 "City" means the City of Chicago.
- 2.13 "Construction Manager" means the firm engaged by the Board to provide professional construction management services, to design and implement capital projects, supervise various consultants including the Architects, manage and facilitate the scheduling and completion of the Work in accordance with the Direct Contract and within the cost and schedule requirements established by the Board.
- 2.14 "Day" or "day" means calendar day unless otherwise specified.
- 2.15 "Department" means Department of Operations of the Board.
- 2.16 "Direct Contractor" means the contractor that enters into a contract with the Project Manager to perform work for a specific Project.
- 2.17 "Drawings" are those included in the Specifications, and additional drawings and sketches, if any, incorporated into the Direct Contract as the Work progresses.
- 2.18 "Environmental Consultant" means a consultant engaged by the Board to provide environmental assessments of CPS facilities and to coordinate the identification and remediation of environmental conditions.
- 2.19 "Final Acceptance" means the date on which the Architect and Project Manager, acting in conjunction with the Board, have determined that all of the requirements of the Direct Contract Documents have been completed.
- 2.20 "Notice of Award" refers to the written notice issued by the Project Manager which awards a specific Project to the Direct Contractor. All Notices of Award require the Board's prior written approval.
- 2.21 "Notice to Proceed" refers to the written notice issued by the Project Manager which defines the established date from which the time for performance begins to run. All Notices to Proceed require the Board's prior written approval.
- 2.22 "PBC" means the Public Building Commission of Chicago, a municipal corporation and body politic and corporate under Illinois law and record owner of certain CPS properties.
- 2.23 "Preliminary Acceptance" means the date on which the Architect and the Project Manager, acting in conjunction with the Board, have determined that the Work required under the Direct Contract has been essentially completed (except for Punch List Work), such that the Users may occupy and fully use the Work; or, if the nature of the Work requires that a Certificate of Occupancy be issued, it means the date of the City's Certificate of Occupancy.
- 2.24 "Project" means all Sites at which Work on the Direct Contract will be performed.
- 2.25 "Project Manager" means the prime contractor that is entering into the Local Area Network ("LAN") Agreement with the Board to see that the Work described

in the Direct Contract is performed.

- 2.26 "Program Manager," when capitalized, means the firm engaged by the Board to provide certain professional services in connection with the LAN Agreement.
- 2.27 "Property Advisor" means an entity engaged by the Board for the purpose of providing property management services, operations and maintenance activities for various CPS facilities.
- 2.28 "Punch List" or "Punch List Work" means minor adjustments, repairs or deficiencies in the Work as determined by the Architect and Project Manager at the direction of the Board.
- 2.29 "Record Documents" are all documents required under the terms of the Direct Contract to be provided to the Board by the Project Manager including but not limited to shop drawings, mylar as-built drawings, parts manuals, operation and maintenance manuals, contractors' field drawings, project manuals and specifications.
- 2.30 [Intentionally Deleted]
- 2.31 "Schedule of Values" means the detailed list, if any, of the estimated value of each construction activity included in the Base Direct Contract Price (including insurance credits and other credit items required to be listed) that is submitted by the Direct Contractor and approved by the Architect, the Project Manager and the Program Manger, as amended and re-approved from time to time.
- 2.32 "Site" means the location shown on the Drawings within which the Work must be performed under the Direct Contract.
- 2.33 "Subcontractor" means any partnership, firm, corporation or entity other than an employee of the Direct Contractor, who contracts with the Direct Contractor to furnish labor, or labor and materials, at the Site. The term also includes subcontractors of any tier, suppliers, fabricators or manufacturers whether or not in privity with the Direct Contractor.
- 2.34 "User" means the students, their parents, principals, teachers, support staff, volunteers, licensees, and Local School Council members of a particular school.
- 2.35 "Work" means the construction and services required by the Direct Contract, whether completed or partially completed, and includes all other labor, materials, equipment and supplies, plant, tools, scaffolding, transportation, superintendence, insurance, taxes and all other services, facilities and expenses necessary for the Direct Contractor to fulfill the Direct Contractor's obligations. The Work may constitute the whole or a part of the Project.

3. CORRELATION AND INTENT OF THE CONTRACT DOCUMENTS

- 3.1** The Direct Contract is intended to include all items required for the proper execution and completion of the Work. Direct Contractor must provide any item of Work mentioned in the Specifications and not shown on the Drawings, or shown on the Drawings and not mentioned in the Specifications, as if shown or mentioned in both.
- 3.2** The Direct Contractor must coordinate the various parts of the Work so that no part is left in an unfinished or incomplete condition owing to any disagreement between the various Subcontractors or any of the Subcontractors and the Direct Contractor, as to where the work of one begins and ends with relation to the work of the other.
- 3.3** Generally, the Specifications describe work that cannot be readily indicated on the Drawings and indicate types, qualities and methods of installation of the various materials and equipment required for the Work. It is not intended to mention every item of work in the Specifications that can be adequately shown on the Drawings nor to show on the Drawings all items of work described or required by the Specifications even if they are of such nature that they could have been shown on them. Direct Contractor must provide all materials or labor for Work that is shown on the Drawings or is reasonably inferable from them as being necessary to produce a finished Project whether or not the Work is expressly covered in the Specifications.
- 3.4** Except as otherwise noted in these Constructions Conditions, Direct Contractor must furnish materials that are shown on the Drawings and that are not specifically described in the Specifications or Drawings, suitable for the intended use, compatible with adjacent materials, and subject to review for conformity with the intent of the Direct Contract. Installation techniques not specified in the Direct Contract must be in accordance with manufacturer's currently published instructions and industry standards.
- 3.5** The Board may elect to pre-purchase certain major materials, such as structural steel, windows, kitchen equipment, and the like, for use in the Work, and if so, the Direct Contract will describe the procedures established for requisitioning them through the Board.
- 3.6** Where requirements of the Direct Contract differ from what is required under applicable laws, ordinances, rules, regulations, orders, building codes or the requirements of authorities having jurisdiction, Direct Contractor must provide that which the most stringent of them requires, and, except for material discrepancies caused by Architect's errors and omissions, Direct Contractor must provide, within the Base Direct Contract Price, that which is required. Direct Contractor must, whenever there is a discrepancy or apparent discrepancy, seek clarification and approval in advance from the Architect, and especially where a material discrepancy of this nature would result in a claim for extras.
- 3.7** In signing the Direct Contract, the Direct Contractor represents and warrants that the Direct Contractor has visited the Sites, is familiar with local conditions under

which the Work is to be performed with requirements of the Direct Contract.

4. RIGHT OF ENTRY

- 4.1 The Direct Contractor and its Subcontractors and their respective officers, employees, and agents performing the Work are permitted to enter the Site in connection with the performance of the Work, subject to the terms and conditions contained in the Direct Contract and those rules established by the Board. The Direct Contractor must provide advance notice of its intended entry to the principal whenever Work is to be performed at an existing school Site, and also to the Board regardless of the type of Site. Consent to enter a Site given by the principal or the Board does not create, and must not be construed to imply the creation of, any additional responsibilities on the part of the Board.
- 4.2 The Direct Contractor must use, and cause its Subcontractors and their respective officers, employees, and agents to use, the highest degree of care when entering Sites in connection with the Work. The Direct Contractor and its Subcontractors and their respective officers, employees and agents must comply with all instructions and requirements for the use of the Site, and any leases or licenses for the use of the Site, whether the Site is owned or leased by the Board or licensed or leased from the Board.

5. EXPLANATION OF SPECIFICATIONS

- 5.1 Organization of the Specifications into divisions, sections and articles, and arrangement of Drawings is for convenience and does not dictate or determine the trade or craft involved. The separations do not operate to make the Architect an arbiter for the division of responsibility between Direct Contractor and Subcontractors or between Subcontractors, and the separations do not relieve the Direct Contractor from the responsibility of satisfactorily completing the entire Work, regardless of the trade divisions.
- 5.2 The Specifications are of abbreviated or "streamlined" type and include incomplete sentences. Omissions of words or phrases such as "the Contractor must (or shall)", "in conformity therewith", "must (or shall) be", "as noted on the Drawings", "according to the plans", "a", "an", "the", and "all" are intentional. Omitted words and phrases must be supplied by inference in the same manner as they are when a "Note" occurs on Drawings. Words "must (or shall) be" or "must (or shall)" will be supplied by inference where a colon (:) is used within sentences or phrases.
- 5.3 Where "as shown", "as indicated", "as detailed" or words of similar import are used, reference is made to the Drawings accompanying the Specifications unless otherwise stated. Where "as directed", "as required", "as permitted", "as authorized", "as approved", "as accepted", "as selected", or words of similar import are used in the Specifications, the direction, requirement, permission, authorization, approval, acceptance or selection by the Architect is intended unless otherwise stated.
- 5.4 "Provide" means "provide complete in place" or "furnish and install."

6. STANDARD SPECIFICATIONS

- 6.1 Any reference in the Direct Contractor to standard specifications of any society, institute, association or governmental authority (these standard specifications not forming a part of any statute or ordinance, nor otherwise being specified as to edition or date), is a reference to the standard specifications of the organization that are in effect on the 180th Day before the date of the first Advertisement for Bids. If the specifications are revised before completion of any part of the Work to which the revision would pertain, the Direct Contractor may, if approved by the Architect, perform the work in accordance with the revised specifications.

7. OWNERSHIP OF DRAWINGS, SPECIFICATIONS AND MODELS

- 7.1 All copies (in whatever form, including, without limitation, electronic) of Drawings and Specifications furnished by the Architect are the property of the Board. The copies are not to be used on any other work or project whatsoever and, with the exception of the signed Direct Contractor set, are to be returned to the Board on request at the completion of the Work. All models are the property of the Board.

8. THE ARCHITECT, THE BOARD, AND BOARD CONSULTANTS

- 8.1 The Architect will, within a reasonable time, make recommendations on all claims of the Direct Contractor and make decisions on all other matters relating to the execution and progress of the Work and the interpretation of the Direct Contract. The Board will entertain and allow no claim of the Direct Contractor that has not first been approved by the Architect and reviewed and recommended by the Program Manager.
- 8.2 The Architect, the Program Manager and other Board consultants are not liable for Direct Contractor's performance of the Work or for any defects, deficiencies or effects resulting from any of them, or those of any Subcontractor, manufacturer, supplier, fabricator, or any other third party (including anyone working or acting on behalf of any of them).
- 8.3 The services of the Architect, Program Manager and other Board consultants are performed solely for the benefit of the Board. No Direct Contractor, Subcontractor, supplier, fabricator, manufacturer or other third party is entitled to have any claim against them or the Board as a result of the performance or nonperformance of their respective services. *The Direct Contractor must bring this provision to the attention of the Subcontractors, suppliers and other parties with whom it contracts and have them do the same with those with whom they contract.*
- 8.4 The Architect, Program Manager and other Board consultants will not have control over or charge of and will not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions in connection with the Work, since these are solely the Direct Contractor's and Project Manager's responsibility. The Architect will not be responsible for the

Project Manager's or Direct Contractor's failure to carry out the Work in accordance with the Direct Contract. The Architect will not have control over or charge of and will not be responsible for acts or omissions of the Project Manager, Direct Contractor, Subcontractors, or their agents or employees, or of any other persons performing portions of the Work.

- 8.5 Except as otherwise provided in the Direct Contract or when direct communications have been specially authorized, the Board, Architect, and Direct Contractor must endeavor to communicate through the Project Manager. Communications by and with the Board's consultants must be through the Program Manager. Communications by and with Subcontractors and material suppliers must be through the Direct Contractor. Communications by and with separate contractors must be through the Board and the Program Manager.

9. APPROVALS

- 9.1 In various places the Direct Contract requires Direct Contractor to obtain approvals from or to submit drawings, notices, claims, or other documents to various persons. In general, it is the intent of the Direct Contract that the Architect, as the person professionally responsible for the design and specifications, and the Board, as owner or in the owner's stead (where another governmental body owns the Project site) have the power of approval and disapproval, while the Program Manager makes recommendations and suggestions to the Board. With respect to submittals, the designation of various persons to receive them does not relieve Direct Contractor or its Subcontractors of any statutory notice requirements, but rather it is intended to speed up recommendations and approvals (or disapprovals) where the actions of several persons is called for.

10. SUBMITTALS AND SUBSTITUTIONS

- 10.1 The Direct Contractor must review, approve and submit to the Architect, shop drawings, product data, samples and similar submittals required by the Direct Contract with reasonable promptness (as outlined in the Specifications) and in the sequence that will cause no delay in the Work or in the activities of the Board or of separate contractors. Submittals made by the Direct Contractor that are not required by the Direct Contract may be returned without action.
- 10.2 The Direct Contractor must not perform any portion of the Work requiring submittal and review of shop drawings, product data, samples or similar submittals until the respective submittal has been approved by the Architect. The Work must be in accordance with approved submittals.
- 10.3 By approving and submitting shop drawings, product data, samples and similar submittals, the Direct Contractor represents that the Direct Contractor has determined and verified materials, field measurements, and field construction criteria related to them, or will do so, and has checked and coordinated the information contained within the submittals with the requirements of the Work and of the Direct Contract.

10.4 The Direct Contractor is not relieved of responsibility for deviations from requirements of the Direct Contract by the Architect's approval of shop drawings, product data, samples or similar submittals unless the Direct Contractor has specifically informed the Architect in writing of the deviation at the time of submittal and the Architect has given written approval to the specific deviation. The Direct Contractor is not relieved of responsibility for errors or omissions in shop drawings, product data, samples or similar submittals by the Architect's approval of them.

10.5 Direct Contractor must identify and submit all proposed substitutions to the Architect for approval at such time as initial submittals are submitted to the Architect. No substitutions are permitted, and Direct Contractor must not make any substitutions, at any time after that, unless one or more specified products or processes becomes unavailable through no fault of the Direct Contractor. Direct Contractor must furnish such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed substitute product or process is acceptable. The burden of proof is on the Direct Contractor both with respect to acceptability of the proposed substitute product or process and with respect to Direct Contractor's lack of fault. When the submittal is due to specified product unavailability through no fault of Direct Contractor, all proposed substitutes must be submitted to the Architect in ample time to permit proper consideration by the Architect. No consideration will be given to incomplete or belated submittals. Failure of the Direct Contractor to plan ahead to obtain a product at a competitive price is not a basis for substitution.

11. NAMED MANUFACTURERS; SPECIFIED PROCESSES

11.1 Terminology. Whenever in the Direct Contract the term " substitute," in any of its forms, is used in connection with products or processes other than those specified it is intended to refer to the products or processes offered in the post-award period. The term "alternate" in connection with products or processes other than those specified is intended to refer to products or processes bid as alternates to the named products or processes.

- 11.2 "Or equal." Whenever any manufacturer's or distributor's brand of product (or trade name or catalog reference) is specified for an item of Work, the words "or equal" are understood to apply, and equal alternates and equal substitutions will be considered unless otherwise expressly stated.
- 11.3 Alternates. If the Direct Contractor proposes to offer an equal alternate to the named product or process, Direct Contractor must do so at the time of bid, clearly identifying the product or process alternate offered, furnishing detailed specifications of the product, supporting data, and samples, and identifying any deviations from the specification. Direct Contractor must furnish with the bid submittal, or at the request of the Board, such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed alternate product or process is acceptable. The alternate so offered is subject to Architect's review and approval to determine its compliance with the specifications, including all performance requirements stated or implied in the specification. If the Direct Contractor's bid lacks any of the foregoing information, Direct Contractor must furnish the named product or process. **NO ALTERNATE WILL BE CONSIDERED FOR ACCEPTANCE IF NOT BID.**
- 11.4 Processes with Guaranteed Results. Whenever a particular process is specified and also requires a guarantee of the results, and if the Direct Contractor judges that the process might not produce the required result, the Direct Contractor must include in its bid an alternate process that Direct Contractor would guarantee, or if the requirements of Section 10.5 are met, submit for approval a substitute process that Direct Contractor would guarantee.
- 11.5 Substitutions. All proposals for substitute products or processes must be made in writing to the Architect in accordance with the following procedures:
- 11.5.1 Requests for approval of products or processes other than those specified must be accompanied by proof, satisfactory to the Board and Architect that:
- (i) they are equal in quality, availability, and serviceability to the specified products;
 - (ii) their use will not entail changes in details and construction of related Work;
 - (iii) they are acceptable in consideration of the required design and artistic effect and function;
 - (iv) there will be a cost advantage to the Board.
- 11.5.2 Direct Contractor must furnish with the submittal pursuant to the provisions of Section 10.5, or at the request of the Board, such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed substitute product or process is acceptable.

12. ARCHITECT'S ADDITIONAL INSTRUCTIONS

- 12.1 The Architect will furnish with reasonable promptness additional instructions by means of drawings or otherwise, necessary for the proper execution of the Work. All such instructions must be consistent with the Direct Contract, or approved modifications of or true developments from them, and reasonably inferable from them. Direct Contractor must cause the Work to be executed in conformity with the Direct Contract and the additional instructions and must do no work without proper drawings or instructions. In giving additional instructions, the Architect has authority to make minor changes in the Work consistent with the intent of the Direct Contract and involving no extra cost (but not those granting additional time).
- 12.2 Wherever typical parts or sections of the Work are completely detailed on the Drawings and other parts of sections that are essentially of the same construction are shown in outline only, the complete details apply to the Work that is shown in outline.
- 12.3 Direct Contractor must not determine dimensions of Work by scale or rule, but rather must follow figured dimensions at all times. If figured dimensions are lacking and cannot be calculated from other dimensions on Drawings, the Architect must supply them at Direct Contractor's request.

13. CONSTRUCTION SCHEDULES

- 13.1. TIME IS OF THE ESSENCE IN PROSECUTING AND COMPLETING THE WORK. The Direct Contractor, within 15 working days after being awarded the Direct Contract (by Notice of Award), must prepare and submit for the information of the Board, the Architect, and the Program Manager, a construction schedule for the Work, prepared in form and substance acceptable to or as specifically prescribed by the Board. The construction schedule must not exceed time limits for the Work in the Project Schedule under the Direct Contract. The construction schedule must accommodate all Board and User activities that are identified in the Direct Contract; must be updated by the Direct Contractor and Project Manager and submitted to the Program Manager at least monthly or more frequently as directed by the Architect or the Program Manager. The construction schedule must be related to the entire Project to the extent required by the Direct Contract, and must provide for expeditious and practicable execution of the Work.
- 13.2. Direct Contractor and Project Manager must submit the construction schedule to the Program Manager in duplicate, and, if requested by the Program Manager, also on floppy disk in format acceptable to the Program Manager. The Project Manager must submit a revised construction schedule when the Direct Contractor's planned sequence is changed or when contract changes are made that affect the construction schedule or when directed by the Program Manager. All construction schedules are subject to review and approval by the Architect and the Program Manager.

14. BOARD'S RIGHT TO DO WORK

- 14.1. If the Direct Contractor neglects to prosecute the Work properly or fails to

perform in accordance with the Direct Contract, the Board, after at least 3 business days' written notice to the Project Manager, may without prejudice to any other remedy, make good the deficiencies and deduct the cost of doing so from the payment then or later due the Project Manager.

- 14.2. If the cost of all Work undertaken by the Direct Contract exceeds the unpaid balance of the Base Direct Contract Price, the Direct Contractor and the Project Manager (and the surety or sureties on the performance bond given by each of them) are liable for payment to the Board of the amount of the excess.

15. BOARD'S RIGHT TO STOP WORK

- 15.1. If the Direct Contractor fails to correct Work that is not in accordance with the requirements of the Direct Contract or persistently fails to carry out Work in accordance with the Direct Contract, the Board, by written order, may order the Project Manager to direct the Direct Contractor to stop the Work, or any portion of it, until the cause for the order has been eliminated.

16. CONTRACT DOCUMENTS AND SUBMITTALS FOR THE WORK

- 16.1. The Direct Contractor must keep one complete set of all Site-related Direct Contract, including Drawings, Specifications and one complete set of submittals at the Sites in good order, available to the Board, the Architect, Program Manager, and the Project Manager. The Direct Contractor must keep the Drawings, Specifications and submittals up to date by replacing obsolete sheets with revised sheets as they are issued.
- 16.2. The Direct Contractor must carefully study and compare the Direct Contract with information furnished by the Board and must at once report to the Architect and Project Manager errors, inconsistencies or omissions discovered. The Direct Contractor is not liable to the Board, Project Manager or Architect for damage resulting from errors, inconsistencies or omissions in the Direct Contract unless the Direct Contractor recognized, or should have recognized, the error, inconsistency or omission and knowingly failed to report it to the Architect. If the Direct Contractor performs any construction activity knowing it involves a recognized error, inconsistency or omission in the Direct Contract without the notice to the Architect (with copies to the Project Manager and Program Manager), the Direct Contractor assumes appropriate responsibility for the performance and will bear an appropriate amount of the attributable costs for correction.
- 16.3. The Direct Contractor must take field measurements and verify field conditions and must carefully compare the field measurements and conditions and other information known to the Direct Contractor with the Direct Contract before commencing activities. Direct Contractor must report errors, inconsistencies or omissions discovered to the Architect and Project Manager at once.
- 16.4. The Direct Contractor must perform the Work in accordance with requirements of the Direct Contract. See Article 10 above regarding deviations in submittals.

17. SUPERVISION OF THE WORK

- 17.1.** The Direct Contractor must immediately upon issuance of the Notice to Proceed with any portion of the Work furnish a competent staff, sufficient in number, as necessary for the proper administration, coordination, and supervision of the Work within the Project Schedule as established in the Direct Contract and approved by the Board; organize the procurement of all materials and equipment so that they will be available at the time they are needed for the Work; and keep a force of skilled workers on the Site sufficient in number to complete the Work in accordance with all requirements of the Direct Contract and to the entire satisfaction of the Architect.
- 17.2.** Before beginning the Work, the Direct Contractor must select a manager who will have full responsibility for the prosecution of the Work with full authority to act in all matters as necessary for the proper coordination, direction, commitment of resources and technical administration of the Work. Such manager must attend meetings at the places and times as the Board, Project Manager, or Architect decides in order to render reports on the progress of the Work. The Direct Contractor is solely responsible for and has control over construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under the Direct Contract.
- 17.3.** The Direct Contractor must keep on the Project throughout its duration a competent superintendent and any necessary assistants, all of whom must be satisfactory to the Board, Architect, and Project Manager. The superintendent must be present at the Site when Direct Contractor's personnel and/or Subcontractors are present. The superintendent must not be replaced without the consent of the Board, Architect and Project Manager unless the superintendent proves to be unsatisfactory to the Board (in which case the superintendent must be replaced on the Project) or becomes unavailable due to reasons beyond the control of Direct Contractor. In order to replace the superintendent, the Direct Contractor must give the Board, Architect, and Project Manager written notice and submit for approval the qualifications of the proposed replacement superintendent at least 15 Days before the intended change. The superintendent represents the manager in the absence of the Direct Contractor's principals and all directions given to the superintendent are as binding as if given to the Direct Contractor. All directions must be confirmed in writing to the Direct Contractor.
- 17.4.** The Direct Contractor must efficiently supervise the Work using its best skill and attention.
- 17.5.** The Direct Contractor is solely responsible for properly laying out the Work, and for all lines, elevations, and measurements for all of the Work executed under the Direct Contract. The Direct Contractor must verify the figures shown on the Drawings before laying out the Work and will be held responsible for any errors or inaccuracies resulting from the failure to do so.

18. HOURS OF WORK

- 18.1. The Direct Contractor must furnish sufficient forces and work those shifts that may be required to ensure completion of the Work under the conditions and within the time stated in the Direct Contract. If the nature of the Work requires that parts of it be performed outside of regular working hours, the cost of the work is considered to be included in the Base Direct Contract Price. If the Project falls behind schedule, the Direct Contractor will be required to perform and must perform the Work by extra shifts or on overtime basis as may be necessary to complete the Work on time, the cost of that is considered to be included in the Base Direct Contract Price.
- 18.2. The Direct Contractor will not be entitled to additional compensation for extra shifts or overtime work for any reason or claim of whatever nature except as otherwise expressly stated in writing by the Project Manager, with pre-approval of the Board; and then only to the extent of the direct cost of the premium portion of the time involved and without any charge for mark up, insurance or taxes, except as might otherwise be required by law.
- 18.3. The Site may be occupied during construction. Direct Contractor must cooperate fully with the Board, Project Manager, Program Manager, Property Advisor, Architect, and the User during construction operations to minimize conflicts, interference and to facilitate occupant usage and operations.
- 18.4. During occupied hours, the Direct Contractor must limit construction operations to methods and procedures that will not adversely and unduly affect the environment of occupied spaces, including but not limited to creating noise, dust, odors, air pollution, ambient discomfort, or poor lighting.

19. EMPLOYEES

- 19.1. Any employee of the Direct Contractor or a Subcontractor whose work is unsatisfactory or who is considered by the Board, Architect or Project Manager to be unskilled or otherwise objectionable, must be dismissed from the Work upon written notice to the Direct Contractor.

20. BUILDING MATERIALS AND EQUIPMENT

- 20.1. Unless otherwise specified, all materials and equipment must be new, and of the quality required to satisfy the standards of the Direct Contract. The Direct Contractor must, if required, furnish satisfactory evidence as to kind and quality of all materials and equipment. Direct Contractor must cause all labor to be performed by workers skilled in their respective trades, and workmanship must be of good quality so that first class work in accordance with the standards of construction set forth in the Direct Contract will result.
- 20.2. Any work, materials or equipment that do not conform to these requirements or the standards set forth in the Direct Contract may be disapproved and rejected by the Project Manager or Architect, in which case Direct Contractor must remove and replace them before final payment.

- 20.3. The Direct Contractor must keep proper inventories, provide adequate protection against the weather and maintain security measures against theft and vandalism with respect to all stored materials, fixtures and equipment for items stored on-site and not yet incorporated into the Work.
- 20.4. The Site must not be utilized for the storage of vehicles, materials, equipment, or fixtures not intended for the Project.
- 20.5. The Direct Contractor must review any specified construction or installation procedures (including those recommended by any product manufacturer). The Direct Contractor must advise the Architect and Project Manager, in writing 7 Days before beginning the Work, on items affected:
- 20.5.1. if any specified procedure deviates from good construction practice;
 - 20.5.2. if following any specified procedure will affect any warranties; or,
 - 20.5.3. of any objections that the Direct Contractor may have to any specified procedure.

21. SALVAGE RIGHTS

- 21.1. The Board reserves all salvage rights in existing art works, structures, materials, and artifacts of intrinsic, artistic, or historical value. Whenever Direct Contractor must remove or demolish such things before beginning renovation or other construction, Direct Contractor must request the Board's approval in advance and obtain specific direction on handling salvageable items.

22. INDEMNIFICATION/NONLIABILITY

- 22.1. Indemnity. Direct Contractor agrees to indemnify and hold harmless the Program Manager and the Board, its members, trustees, employees, agents, officers and officials, from and against any and all liabilities, losses, penalties, damages, expenses (including litigation costs and reasonable attorney's fees) which arise out of or are directly related to a claim, lien, damage, obligation, action, suite, judgment or settlement caused by the negligent acts or omissions of Direct Contractor or its officers, agents, employees, or subcontractors in the performance of Work pursuant to this Agreement. This obligation includes, but is not limited to, the unauthorized use of any trade secrets, U.S. patents or copyright infringements by Direct Contractor, or its officers, agents, employees, or its subcontractors in the performance of its Work pursuant to this Agreement.
- 22.2. Cost and Expense. Direct Contractor shall, at its own cost and expense, appear, defend and pay all attorneys' fees, other costs and expenses arising hereunder. In addition, if any judgment shall be rendered against the Program Manager or the Board or any other party entitled to indemnification hereunder in any such action, Direct Contractor shall, at its own expense, satisfy and discharge same.
- 22.3. Right to Participate. The Board and any other party entitled to indemnification hereunder shall have the right, at its option and at its own expense, to participate in the defense of any suit, without relieving Direct Contractor of any of its obligations hereunder.
- 22.4. Separate Obligations. Direct Contractor expressly understands and agrees that the indemnity obligations set forth herein are separate from and not limited by the

insurance provisions contained in Article 23 herein.

22.5 **Survival.** The indemnities set forth herein shall survive the expiration or termination of this Agreement.

22.6 **Non-Liability.** Direct Contractor agrees that neither the Program Manager nor any Board member, trustee, employee, agent, officer or official shall be personally charged by Direct Contractor, its members if a joint venture, or any of Direct Contractor's subcontractors with any liability or expense under this Agreement or be held personally liable under this Agreement to Direct Contractor, its member if a joint venture, or any of its subcontractor.

23. INSURANCE

Direct Contractor's insurance requirements are set forth in Exhibit A-1 to the Construction Conditions.

24. TAXES

24.1. The Direct Contractor must pay all applicable federal, state and local taxes on all materials, labor or services furnished, and all taxes arising out of the operations under this Direct Contract. The taxes include, by way of illustration and not in limitation, Retailers' Occupation, Old Age Benefit, Unemployment, customs, duties, all deductions for income taxes now in force or later enacted before Final Acceptance. The Direct Contractor assumes all liability for the payment of any unemployment benefits payable under any federal or state law to individuals employed by it during the progress of the Work covered by this Direct Contract. This requirement excludes taxes and assessments on real property comprising the Site and Illinois, County and Municipal Retailers' Occupation and Service Occupation Taxes and Illinois Use, Sales and Service Use Taxes on building materials and fixtures to be incorporated into the Work but does include the taxes on building materials and equipment consumed or used in performing the construction, but not incorporated in it.

24.2. The Chicago Board of Education is exempt from federal Excise Taxes by virtue of Exemption Certificate No. 36-600584 and it is exempt from State of Illinois Sales Taxes by virtue of Exemption No. E9997-7109. Illinois Retailers' Occupation Tax, Use Tax, and Municipal Retailers' Occupation Taxes do not apply to materials or services purchased by the Board by statute. The price or prices quoted in bids and proposals must include all taxes, direct or indirect, that do apply and must comply with all relevant federal laws and regulations.

25. ROYALTIES AND PATENTS

25.1. The Base Direct Contract Price is considered to and must include all fees for any patent invention, article or arrangement or other appurtenances that may be used upon or in any manner connected with the construction, erection or maintenance

EXHIBIT E
REQUISITION FORM

State of Illinois)
) SS
County of Cook)

The affiant, _____, _____ of the Board of Education of the City of Chicago, a body corporate and politic (the "Board"), hereby certifies that with respect to that certain Agreement between the Board and the City of Chicago dated as of January 15, 2002 (the "Agreement"):

A. The following is a true and complete statement of all expenditures for the Project to date:

TOTAL: \$ _____

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

 \$ _____

C. The Board requests reimbursement for the following cost of TIF-Funded Improvements:

 \$ _____

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

E. The Board hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Agreement are true and correct and the Board is in compliance with all applicable covenants contained therein.

2. 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.

3. The Board is in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto, including but not limited to those summarized on Exhibit D of the Agreement.

F. Attached hereto are: (1) a cost itemization of the applicable portions of the budget attached as Exhibit G to the Agreement; and (2) evidence of the expenditures upon TIF-Funded Improvements for which the Board hereby seeks reimbursement

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

**THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO**, a body corporate and politic

By: _____

Name: _____

Title: _____

Subscribed and sworn before me this ___ day of _____, _____.

My commission expires: _____

Agreed and accepted:

Name: _____

Title: _____

City of Chicago

Department of Planning and Development

F

EXHIBIT F

FORM OF NOTE

REGISTERED
NO. R-1

MAXIMUM AMOUNT
\$27,000,000.00
(subject to change)

**UNITED STATES OF AMERICA
STATE OF ILLINOIS
COUNTY OF COOK
CITY OF CHICAGO
TAX INCREMENT ALLOCATION REVENUE NOTE (NEAR SOUTH
REDEVELOPMENT PROJECT), SERIES A**

Registered Owner: The Board of Education of the City of Chicago

Interest Rate: Not to exceed 9.5%, with the exact rate to be determined by the Chief Financial Officer of the City of Chicago

Maturity Date: December 31, 2014

KNOW ALL PERSONS BY THESE PRESENTS, that the City of Chicago, Cook County, Illinois (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on or before the Maturity Date identified above, but solely from the sources hereinafter identified, the principal amount of this Note from time to time advanced by the Registered Owner to pay costs of the Project (as hereafter defined) in accordance with the ordinance hereinafter referred to up to the principal amount of \$27,000,000.00 and to pay the Registered Owner interest on that amount at the Interest Rate per year specified above from the date of the advance, with payments of principal and interest to be made according to the debt service schedule attached hereto. 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 from the Near South Increment (as defined in the hereinafter defined Agreement) is due December 31 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 after the applicable payment, maturity or defeasance date, and shall be paid by wire transfer of such money to such bank in the continental United States as said Registered Owner shall request in writing to the Registrar; provided, that the final installment of principal and accrued but unpaid interest will be payable on or before the maturity date and solely upon presentation of this Note at the principal office of the Registrar in Chicago, Illinois or as otherwise directed by the City.

This Note is issued by the City in the principal amount of advances made from time to time by the Registered Owner up to \$27,000,000.00 for the purpose of reimbursing the Registered Owner for certain eligible redevelopment project costs incurred by the Registered Owner (the "Project"), which were acquired, constructed and installed in connection with the development set forth in Exhibit B of the agreement dated as of January 15, 2002 between the City and the Registered Owner (the "Agreement") within and contiguous to the Near South 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 Ordinances adopted by the City Council of the City on November 28, 1990 and August 3, 1994 (together, 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 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 PLEDGED INCREMENT (AS DEFINED IN ARTICLE THREE(1)(D) OF THE AGREEMENT), IF ANY, 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 and interest of this Note is subject to defeasance on any date, as a whole or in part, at a defeasance price of 100% of the principal and interest amounts thereof being prepaid. Notice of any such defeasance shall be sent by registered or certified mail not less than thirty (30) days prior to the date fixed for defeasance 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 herefor. 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 defeasance has been mailed, nor during a period of five (5) days next preceding mailing of a notice of defeasance 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 Agreement provide.

Pursuant to the Agreement, the Registered Owner has agreed to acquire and construct the Project and to advance funds for the payment of the costs of the construction of certain facilities related to the Project on behalf of the City. Such payment of costs in the amount of \$27,000,000.00 shall be deemed to be a disbursement of the proceeds of this Note.

Pursuant to Article Five, Section 2 of the Agreement, the City has reserved the right to 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 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 _____, 20__.

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 (Near South Redevelopment Project), Series A, of the City of Chicago, Cook County, Illinois.

Comptroller: _____

Date: _____, 20__

ATTACHMENT TO FORM OF NOTE – DEBT SERVICE SCHEDULE

DRAFT--FOR DISCUSSION PURPOSES ONLY

CHICAGO PUBLIC SCHOOLS

Near South (Central Station) Redevelopment Project

City Note--Interest Deferral with No Capitalized Interest--Payment Schedule at 9.5%

Interest Rate on Note 9.50%

	<u>Interest Accrued</u>	<u>Interest Paid</u>	<u>Deferred Interest</u>		<u>Principal Paid</u>	<u>Total Payment</u>	<u>Outstanding Principal</u>
			<u>Annual</u>	<u>Cumulative</u>			
12/1/01							27,000,000.00
12/1/02	2,565,000.00	0.00	2,565,000.00	2,565,000.00	0.00	0.00	27,000,000.00
12/1/03	2,808,675.00	3,291,701.61	(483,026.60)	2,081,973.40	0.00	3,291,701.61	27,000,000.00
12/1/04	2,762,787.47	3,608,701.61	(845,914.13)	1,236,059.26	0.00	3,608,701.61	27,000,000.00
12/1/05	2,682,425.63	3,608,701.61	(926,275.97)	309,783.29	0.00	3,608,701.61	27,000,000.00
12/1/06	2,594,429.41	2,904,212.70	(309,783.29)	0.00	704,488.91	3,608,701.61	26,295,511.09
12/1/07	2,498,073.55	2,498,073.55	0.00	0.00	2,210,628.06	4,708,701.61	24,084,883.04
12/1/08	2,288,063.89	2,288,063.89	0.00	0.00	3,120,637.72	5,408,701.61	20,964,245.32
12/1/09	1,991,603.31	1,991,603.31	0.00	0.00	3,367,098.30	5,358,701.61	17,597,147.03
12/1/10	1,671,728.97	1,671,728.97	0.00	0.00	3,736,972.64	5,408,701.61	13,860,174.39
12/1/11	1,316,716.57	1,316,716.57	0.00	0.00	4,091,985.04	5,408,701.61	9,768,189.36
12/1/12	927,977.99	927,977.99	0.00	0.00	4,430,723.62	5,358,701.61	5,337,465.74
12/1/13	507,059.25	507,059.25	0.00	0.00	4,901,642.36	5,408,701.61	435,823.39
12/1/14	41,403.22	41,403.22	0.00	0.00	435,823.38	477,226.60	0.00
		0.00					
	24,655,944.26	24,655,944.26	0.00		27,000,000.00	51,655,944.26	

EXHIBIT G

PROJECT BUDGET

	School Renovation	New Addition*	Science Lab	Campus Park**	Grand TOTAL
<u>Land Acquisition</u>					
Hard Costs	\$0	\$7,891,200	\$0	\$1,740,000	\$9,631,200
Relocation Costs	\$0	\$2,000,000	\$0	\$0	\$2,000,000
Soft Costs	\$0	\$0	\$0	\$0	\$0
<i>Subtotal</i>	<i>\$0</i>	<i>\$9,891,200</i>	<i>\$0</i>	<i>\$1,740,000</i>	<i>\$11,631,200</i>
<u>Site Preparation</u>					
Demolition	\$0	\$300,000	\$33,900	\$87,255	\$421,155
<i>Subtotal</i>	<i>\$0</i>	<i>\$300,000</i>	<i>\$33,900</i>	<i>\$87,255</i>	<i>\$421,155</i>
<u>General Construction</u>					
Construction***	\$14,151,119	\$16,660,504	\$681,108	\$1,728,000	\$33,220,731
Contingency	\$300,000	\$600,000	\$0	\$0	\$900,000
<i>Subtotal</i>	<i>\$14,451,119</i>	<i>\$17,260,504</i>	<i>\$681,108</i>	<i>\$1,728,000</i>	<i>\$34,120,731</i>
<u>FF&E / Art</u>					
Hard Costs	\$425,000	\$200,000	\$10,000	\$0	\$635,000
Soft Costs	\$27,900	\$20,000	\$0	\$0	\$47,900
<i>Subtotal</i>	<i>\$452,900</i>	<i>\$220,000</i>	<i>\$10,000</i>	<i>\$0</i>	<i>\$635,000</i>
<u>Professional Fees</u>					
Fees****	\$2,027,170	\$2,447,892	\$157,583	\$183,854	\$4,816,499
Contingency	\$47,625	\$100,000	\$0	\$12,000	\$159,625
PBC Administration	\$274,900	\$333,000	\$0	\$52,000	\$659,900
<i>Subtotal</i>	<i>\$2,349,695</i>	<i>\$2,880,892</i>	<i>\$157,583</i>	<i>\$247,854</i>	<i>\$5,636,024</i>
TOTALS	\$17,253,714	\$30,552,596	\$882,591	\$3,803,109	\$52,444,110

* Land acquisition costs include an estimate for purchase and relocation of the Mission

** Campus park budget is based upon a 1999 concept design adjusted for inflation and reduced park size

*** Includes any necessary environmental remediation

**** Includes architectural, environmental, construction management, geotechnical, affirmative action, site surveys and legal fees

EXHIBIT H

PROJECT TIF-FUNDED IMPROVEMENTS

	School Renovation	New Addition*	Science Lab	Campus Park**	Grand TOTAL
<u>Land Acquisition</u>					
Hard Costs	\$0	\$7,891,200	\$0	\$1,740,000	\$9,631,200
Relocation Costs	\$0	\$2,000,000	\$0	\$0	\$2,000,000
Soft Costs	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$9,891,200	\$0	\$1,740,000	\$11,631,200
<u>Site Preparation</u>					
Demolition	\$0	\$300,000	\$33,900	\$87,255	\$421,155
Subtotal	\$0	\$300,000	\$33,900	\$87,255	\$421,155
<u>General Construction</u>					
Construction***	\$14,151,119	\$16,660,504	\$681,108	\$1,728,000	\$33,220,731
Contingency	\$300,000	\$600,000	\$0	\$0	\$900,000
Subtotal	\$14,451,119	\$17,260,504	\$681,108	\$1,728,000	\$34,120,731
<u>FF&E / Art</u>					
Hard Costs****	\$0	\$20,000	\$0	\$0	\$20,000
Soft Costs	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$20,000	\$0	\$0	\$20,000
<u>Professional Fees</u>					
Fees*****	\$1,935,722	\$2,345,892	\$157,583	\$169,000	\$4,608,197
Contingency	\$47,625	\$100,000	\$0	\$12,000	\$159,625
Subtotal	\$1,983,347	\$2,445,892	\$157,583	\$181,000	\$4,767,822
TOTALS	\$16,434,466	\$29,917,596	\$872,591	\$3,736,255	\$50,960,908

* Land acquisition costs include an estimate for purchase and relocation of the Mission

** Campus park budget is based upon a 1999 concept design adjusted for inflation and reduced park size

*** Includes any necessary environmental remediation

**** Includes only fixtures

***** Includes architectural, environmental, construction management, geotechnical, and site surveys

EXHIBIT I
INVESTMENT POLICY

April 26, 2000

**RESCIND POLICY NUMBER 97-1217-PO4 AND AUTHORIZE CHICAGO PUBLIC SCHOOLS
INVESTMENT POLICY**

THE CHIEF EXECUTIVE OFFICER RECOMMENDS THE FOLLOWING:

Rescind Policy Number 97-1217-PO4 and authorize Chicago Public Schools Investment Policy.

PURPOSE: Policy Number 97-1217-PO4 is being rescinded and a new CPS Investment Policy being authorized in order to clarify and maximize investment opportunities within the law. Primary changes to the CPS Investment Policy include: waives collateral requirements for bank deposits unless the bank has less than \$500 million in assets or the bank instrument is not insured; requires banks in which CPS deposits funds to meet certain ratings requirements to minimize loss to CPS due to bank default; increases the allowable investment in short-term corporate obligations to 30% of funds from 25% of funds and defines specific percentages of funds that may be invested in various rating classifications and with various maturities of such corporate obligations; and restructures the portfolio from three tiers to two to better reflect cash flows and increase management efficiency while still allowing opportunity for yield enhancement and reduces the maximum investment maturity from 15 years to 10 years. The entire CPS Investment Policy is included as Attachment A.

Present Policy: Chicago Public Schools Investment Policy (97-1217-PO4)

History of Board Action: The Chicago Public Schools Investment Policy was originally adopted by the Board in September 1995 with Policy Number 95-0927-PO2 and was amended in 1996 with Policy Number 96-0424-PO1 and again in December 1997 with Policy Number 97-1217-PO4. In order to present a clear policy, we will rescind those prior actions and adopt a new policy.

LSC APPROVAL: Not applicable.


AFFIRMATIVE ACTION STATUS: Not applicable.

PERSONNEL IMPLICATIONS: Not applicable.

FINANCIAL REVIEW: This policy was developed with the assistance of the Office of School Financial Services including the Offices of the Chief Fiscal Officer and Controller, the Department of Audit Services, and the Bureau of Treasury, as well as the Law Department and external investment advisors, auditors, and counsel.

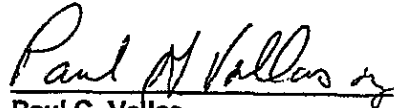
LEGAL REVIEW: This policy has been reviewed by the Law Department.

Approved for Consideration:



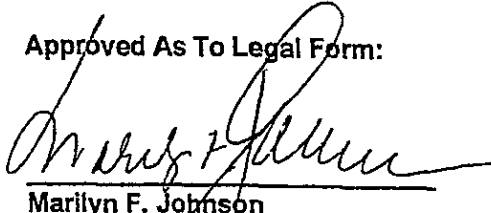
Kenneth Gotsch
Chief Fiscal Officer

Respectfully Submitted:



Paul G. Vallas
Chief Executive Officer

Approved As To Legal Form:



Marilyn F. Johnson
General Counsel

April 26, 2000

**RESCIND POLICY NUMBER 97-1217-PO4 AND AUTHORIZE
CHICAGO PUBLIC SCHOOLS INVESTMENT POLICY**

Policy Number 97-1217-PO4 is hereby rescinded and the Chicago Public Schools Investment Policy is hereby authorized as follows:

CHICAGO PUBLIC SCHOOLS INVESTMENT POLICY – INTRODUCTION

The intent of the Investment Policy of the Board of Education of the City of Chicago ("Investment Policy") is to define the parameters within which funds are to be managed. This Investment Policy is approved by the Board of Education of the City of Chicago (hereinafter referred to as the "Board," the "Chicago Public Schools," or the "CPS"). The Board is responsible for maintaining schools in District 299. "CPS" shall refer to the administrative staff responsible for the day to day operations of the Board. CPS recognizes its responsibilities with respect to the use and custody of public funds. It is the policy of CPS to manage public funds in a manner which will meet cash flow needs, insure security, and provide the highest investment return while complying with all state and local requirements governing the investments of public funds. All investment transactions subsequent to the adoption of this policy adoption shall be in compliance with the provisions hereof.

The comprehensive policy will define the following:

- I. Purpose**
- II. Investment Objectives and Standards**
- III. Scope of Policy**
- IV. Ethics and Conflicts of Interest**
- V. Authority**
- VI. Authorized financial Dealers and Institutions**
- VII. Authorized and Suitable Investments**
- VIII. Description of Investment Portfolio Structure**
- IX. Safekeeping and Collateral**
- X. Risk Management**
- XI. Accounting**
- XII. Arbitrage**
- XIII. Internal Controls**
- XIV. Investment Committee**
- XV. Investment Performance and Reporting**
- XVI. Professional Money Management Advisory Services**
- XVII. Prohibited Transactions**
- XVIII. Investment Policy Adoption**
- XIX. Correction of Noncompliance**
- XX. Appendix**
 - Definition of Responsibilities
 - Illinois Public Funds Investment Act

I. Purpose

This document specifies policies, guidelines and criteria governing investments of all public funds held by the Chicago Public Schools in the course of its operations and mission as provided for in the Public Funds Investment Act 30, ILCD 235/1 et seq. (the "Investment Act") and other applicable law.

II. Investment Objectives and Standards

It is the policy of the Chicago Public Schools to invest public funds in a manner which is consistent with all state and local laws governing the investment of public funds and which will meet the following objectives:

- Prudence

The standard of prudence to be used shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Persons authorized to trade on behalf of CPS acting in accordance with written procedures, this Investment Policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

- Safety of Principal

Investments of the Chicago Public Schools shall be undertaken in a manner that provides for the preservation of principal in the overall portfolio.

- Diversification

The Chicago Public Schools shall diversify its investments to avoid incurring unreasonable risks associated with specific securities or financial institutions.

- Liquidity

The investment portfolio of the Chicago Public Schools shall be sufficiently liquid to meet all reasonably anticipated operating and cash flow requirements.

- Rate of Return

The investment portfolio of the Chicago Public Schools shall be constructed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and liquidity needs. While return on investment is of less importance than the safety and liquidity objectives described above, the investment program may seek to augment returns consistent with risk limitations identified herein and with prudent investment principles.

- **Public Trust**

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transactions that might impair public confidence in the Chicago Public Schools.

- **Portfolio Management**

The Board recognizes and authorizes the Treasurer to develop procedures regarding trading practices that it deems appropriate to meet the investment objectives of this Investment Policy. Those procedures shall be presented to and reviewed by the CPS Investment Committee as appropriate, but at least annually.

III. Scope

This Investment Policy generally applies to all funds of the Chicago Public Schools. Certain funds may be subject to additional restrictions. School internal accounts are generally subject to this policy, except for the selection of financial institutions, which institutions do not need to be included in the City of Chicago's approved depository listing.

IV. Ethics and Conflict of Interest

In addition to all obligations and requirements of the Board's Ethics Policy, all persons authorized to trade on behalf of CPS must refrain from personal business activity that could potentially conflict with proper execution of this Investment Policy or impair their ability to make impartial decisions. The Treasurer shall implement an annual attestation to be completed by all personnel authorized to trade disclosing all personal brokerage relationships. The Treasurer shall collect and review such attestations and file them with the internal audit function.

Under no circumstances shall a participant in the investment process receive any type of financial gain, either directly or indirectly, from the investment of Chicago Public Schools funds. Any real or potential conflict of interest must be reported to the internal audit function and General Counsel.

V. Authority

The Illinois School Code, 105 ILCS 5/34-28

Public Funds Investment Act 30 ILCS 235/1 (et seq.)

The Chicago Public Schools may direct its investments in accordance with the Investment Act.

Pursuant to Chicago Public Schools Rule 5-28, the investment authority rests with the Treasurer of the Chicago Public Schools as delegated by the Chief Fiscal Officer. (See Appendix A for defined responsibilities of the Treasurer.)

No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures established by the Bureau of Treasury. The CPS Treasurer will be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate employees. The Treasurer may also delegate trading activity to Treasury staff.

VI. Authorized Financial Dealers and Institutions Depositories

Deposits made by the Chicago Public Schools with financial institutions consist of checking accounts, savings accounts, NOW accounts and certificates of deposit. Deposits of Chicago Public Schools funds, with the exception of school internal accounts as designated by the Board, must be made with financial institutions on the City of Chicago's approved depository listing. In compliance with the Investment Act, reasonable efforts shall be made to deposit money in minority owned banks.

The Chicago Public Schools Treasurer shall maintain a list of approved security broker/dealers selected pursuant to standards established by the Treasurer and approved by the Investment Committee. In compliance with the Investment Act, reasonable efforts shall be made to do business with minority owned brokers/dealers. The Chicago Public Schools' Bureau of Treasury shall establish procedures for monitoring and shall annually review the approved broker/dealer list to ensure that all relationship risks including, but not limited to, counterparty, transaction, delivery and execution, are determined to be negligible with each and every approved broker/dealer.

VII. Authorized and Suitable Investments

Investments made must comply with the Investment Act and other applicable law. Such investments include:

1. Bond notes, certificates of indebtedness, treasury bills or other securities guaranteed by the full faith and credit of the United States as to principal and interest.
2. U.S. agency and instrumentality obligations which are limited to the following issuers:
 - Federal Home Loan Bank (FHLB)
 - Federal Home Loan Mortgage Corporation (FHLMC)
 - Federal Farm Credit Bank (FFCB)
 - Government National Mortgage Association (GNMA)
 - Federal Agricultural Mortgage Corporation (FarmerMac)
 - Tennessee Valley Authority (TVA)
 - Any other agency created by an Act of Congress
3. Interest-bearing savings accounts, interest-bearing certificates of deposit, interest-bearing time deposits or any other investments constituting direct obligations of any bank as defined by the Illinois Banking Act, including bankers' acceptances and bank notes. The instruments or issuers shall have short-term ratings in one of the highest 2 classifications without regard to gradation by at least two rating agencies, one of which must be Standard and Poor's ("S&P") or Moody's, and long-term ratings in one of the highest 3 classifications without regard to gradation by at least two rating agencies, one of which must be S&P or Moody's.

4. Short-term obligations of corporations organized in the United States, including, but not limited to, commercial paper, corporate bonds, and master notes, if: 1) assets of the corporation exceed \$500,000,000; and 2) such obligations mature not later than 180 days from the time of purchase; and 3) such purchases do not exceed 10% of the corporation's outstanding debt; and 4) such obligations are rated by at least 2 rating agencies, one of which must be S&P or Moody's, with rating, maturity, and asset allocation limits at the time of purchase as follows:

Aggregate Allocation: \leq 30% of total funds

Short-term ratings in the highest classification without regard to gradation: \leq 30% of total funds and maturities of \leq 180 days

Short-term ratings in one of the highest 2 classifications and long-term ratings in one of the highest 3 classifications without regard to gradation: \leq 15.0% of total funds and maturities of \leq 90 days

5. Money market mutual funds registered under the Investment Company Act of 1940, provided that the portfolio of any such money market mutual fund is limited to obligations described in paragraphs (1) and (2) of this section and to agreements to repurchase such obligations and that such fund has a short-term rating of "AAAm" by S&P.
6. Interest bearing bonds or notes of any county, township, city, village, incorporated town, municipal corporation, or school district. The bonds shall be registered in the name of the municipality or held under a custodial agreement at a bank. The bonds shall have a long-term rating in one of the highest 2 classifications without regard to gradation at the time of purchase by a rating service of nationally recognized expertise in rating bonds of states and their political subdivision.
7. Short-term discount obligations of the Federal National Mortgage Association.
8. Public Treasurer's Investment Pool created under Section 17 of the State Treasurer Act with a short-term rating of "AAAm" by S&P.
9. A fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company, provided that the portfolio of any such fund is limited to dollar-denominated securities described in paragraphs (1), (2) and (4) of this section and to agreements to repurchase such obligations and provided that the Board has an undivided interest in the assets of the fund.
10. Repurchase agreements pursuant to the Investment Act. The securities, unless registered or inscribed in the name of the Board, shall be purchased through banks or trust companies authorized to do business in the State of Illinois. The term "repurchase agreements" as used herein shall include flexible repurchase agreements that permit the Board to withdraw funds as needed and master repurchase agreements that permit the deposit, withdrawal and redeposit of funds over time.

The securities described in clauses (1) and (2) above, or any other securities that the Board is authorized to acquire under law, may be acquired pursuant to agreements entered into between the Board (or a trustee or agent on behalf of the Board) and suppliers of such securities under which agreements suppliers agree to sell to the Board (or any such trustee or agent) specified securities on specific dates at specific prices, all as established at the time of execution and delivery of any such agreements and as set forth in such agreements.

VIII. Description of Investment Portfolio Structure

The Chicago Public Schools recognizes the need for a prudent, professional, and practical approach to the investment of its funds.

The Treasurer is responsible for ensuring that cash flow forecasts are created, updated and reviewed as necessary to ensure liquidity needs are identified and met. The investment strategy must provide for portfolio liquidity and safety of principal above all other considerations.

The Operating Fund shall maintain a portfolio structure consisting of a two-tiered investment philosophy with the following tier structure: Liquidity Cash Management and Enhanced Cash Management.

The Chicago Public Schools shall maintain liquid balances that reflect the cash flow needs. If the Chicago Public Schools' funding structure or revenue and disbursement cycles change significantly, the Treasurer shall make appropriate recommendations to the Investment Committee for modifications of these fund groups and characteristics therein.

NAME: LIQUIDITY CASH MANAGEMENT (LCM)

Objective: To provide for all operating needs of the CPS on a day to day basis.

Guidelines: The purchase of securities outlined in the authorized listing. The average maturity of the portfolio should not exceed 6 months.

Asset Allocation

Range: The market value of this pool should reflect cash flow requirements at the discretion of the Treasurer, with a minimum of 110% of cash flow needs

Evaluation

Benchmark: Merrill Lynch 3 Month Treasury Bill Index or similar index

NAME: ENHANCED CASH MANAGEMENT (ECM)

Objective: To provide for the longer term investment of funds using established investment approaches as well as money management firms under contract with the Chicago Public Schools.

Guidelines: The purchase of securities outlined in the authorized listing. Average portfolio adjusted duration should not exceed the duration of the Merrill Lynch Government 1-5 Index or similar index \pm 15%. Average portfolio maturity will not exceed 5 years. Maximum maturity of any single issue will not exceed 10 years.

**Asset
Allocation
Range:**

The market value of this pool should reflect the excess of cash flow requirements and short-term liquidity desired as determined by the Treasurer. This pool represents assets that are not expected to be needed for 24 months or longer.

Evaluation

Benchmark: Merrill Lynch Government 1-5 Index or similar index

On a quarterly basis, the performance of each investment tier will be compared to the defined relevant benchmark index, and, secondarily, to an appropriate universe of investment management firms. Over time periods of 3 to 5 years, it is expected that any external investment managers will produce results that exceed the return of the evaluation benchmark index on a net of fees basis.

IX. Safekeeping and Collateral

All Chicago Public Schools investment securities shall be held by a third party custodian in accordance with municipal ordinances to the extent required by state statute. The Chicago Public Schools Treasurer shall periodically review the approved depositories to evaluate counterparty risk. (See Appendix A for defined responsibilities of the custodian.)

The Chicago Public Schools shall require collateral of not less than 110% of the original acquisition price, including principal and accrued interest, on depository account balances, certificates of deposit, bankers' acceptances, and bank notes, unless either: 1) the bank has assets exceeding \$500,000,000; or 2) the applicable instrument is insured at the time of purchase by an entity with long-term ratings in one of the highest 2 classifications without regard to gradation, in which case collateralization is not required. Repurchase agreement collateral shall be not less than 102%.

Collateral shall be held in the Chicago Public Schools' name by an independent third party custodian. Collateral is limited to investments authorized in Section VII. The Chicago Public Schools Bureau of Treasury must approve of any substitution of collateral. The Chicago Public Schools Bureau of Treasury shall monitor collateral for funds under control of the Treasurer on a monthly basis requiring additional collateral when the ratio falls below the designated level, and release collateral when the ratio exceeds the required level. Each individual school shall be for monitoring its internal accounts to ensure collateral compliance.

Notwithstanding the foregoing provisions of this Section IX, the Chief Fiscal Officer of the Board may direct any trustee under an indenture securing notes or bonds of the Board to enter into a Tri-Party Custodian Undertaking with a bank or trust company for the purpose of holding and valuing (as such trustee's agent) securities that are the subject of a repurchase agreement entered into by the trustee pursuant to such indenture.

X. Risk Management

Market Risk, Credit Risk, and Liquidity Risk, are typically associated with fixed income portfolio management. Their definition and the techniques used to control, evaluate and manage them are also discussed below:

Market Risk - the risk that the value of a security will rise or decline as a result of changes in market conditions.

Control Technique - the Bureau of Treasury shall provide for mark to market valuations on a monthly basis.

Credit Risk - the risk that an issuer will default in the payment of interest and/or principal on a security.

Control Technique - the Bureau of Treasury will limit investments to the safest types of securities, pre-qualify the financial institutions, broker/dealers, intermediaries and advisers with which the Chicago Public Schools will do business, and diversify the investment portfolio so that potential losses on individual securities will be minimized. The Bureau of Treasury shall provide ongoing evaluation and monitoring of creditworthiness of all counterparties.

Liquidity Risk - the risk that an asset cannot be converted quickly and easily into cash.

Control Technique - the Bureau of Treasury shall create and maintain cash flow forecasts and will select securities and maturities that meet cash flow needs and provide for diversification within the portfolio to ensure compliance with established policy limits.

In addition to the aforementioned control techniques, any investment manager who is retained to manage assets on behalf of the Chicago Public Schools is also required to participate in the risk management process and adhere to the Objectives and Standards outlined in Section II.

XI. Accounting

All investment transactions shall be recorded in the various Chicago Public Schools Funds in accordance with generally accepted accounting principles as promulgated by the Government Accounting Standards Board.

XII. Arbitrage

The Chicago Public Schools may at times have responsibility for arbitrage rebate calculations under Federal government regulations in connection with the issuance of debt by the Chicago Public Schools, or debt issued by others on behalf of the Chicago Public Schools. These regulations can limit or cause the Chicago Public Schools to rebate interest earnings to the federal government. These calculations and procedures are very complex and if the Chicago Public Schools has possible responsibility under these rules, the Chief Fiscal Officer shall procure professional legal and accounting counsel with respect to the arbitrage calculations.

XIII. Internal Controls

The Treasurer shall establish a system of internal controls, which shall be documented and reviewed by the CPS Investment Committee. The controls shall be designed to prevent losses of Chicago Public Schools funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees.

XIV. Investment Committee

The Chief Fiscal Officer shall appoint an Investment Committee that will meet at least quarterly with the Treasurer. The Treasurer may call more frequent meeting as deemed necessary. (See Appendix A for defined responsibilities of the Investment Committee.)

XV. Investment Performance and Reporting

The Treasurer is responsible for preparing monthly investment reports and providing them to the CPS Investment Committee monthly. The Treasurer shall report on the following types of information:

1. Mark-to-market adjustment on the portfolio by security type
2. Commentary on general direction of the market
3. Market exposures and position balances by investment balances
4. Credit exposures arising from downgrades, repurchase agreements, etc.
5. Current cash balances, projected future cash flows, funding requirements and any borrowing required.
6. Comparison of actual return to forecast and to appropriate evaluation benchmark returns.
7. Changes in the perceived or actual risk of any component of the Chicago Public Schools' portfolio.
8. Returns of the portfolio according to the 2 tiers of investment criteria
9. Results and returns on investments of each of the outside money managers.
10. Discussion of any policy violations.
11. Other reports as requested by the CPS Investment Committee

In addition, the CPS Investment Committee shall generally discuss the portfolio and provide input into such matters as asset allocation and money management.

XVI. Professional Money Management Advisory Services

The Chicago Public Schools reserves the right to contract out investment advisory services to professional money managers using the following criteria for selection:

- experience as fixed income manager
- public sector expertise
- effective and appropriate portfolio management strategies
- cost effective
- staff resources

Contracts may be on a non-discretionary or discretionary basis, and all investment managers shall be subject to this Investment Policy. (See Appendix A for defined responsibilities of professional money managers.)

XVII. Prohibited Transactions

The following transactions are not in compliance with current applicable law and are prohibited:

- **When Issued Trading** - trading of security prior to its issuance
- **Reverse Repurchase Agreements** - the loaning of Chicago Public Schools securities for cash proceeds
- **Securities Lending** - the loaning of Chicago Public Schools securities for other securities
- **Short Selling** - the sale of a security the Chicago Public Schools does not own
- **Any purchase of securities not authorized in Section VII.** The Board must approve of new security types.
- **Collateralized Mortgage Obligations Investments** whose returns are linked to or derived from the performance of some underlying asset or index such as bonds, currencies or commodities. Examples of this are range notes, inverse floaters or any other kind of embedded option IOs, POs, CMO Residuals, Z-Tranche CMOs, and other derivatives that are speculative in nature are prohibited. The use of instruments that would cause the portfolios to be in any way leveraged is also strictly prohibited. Treasury or agency securities that have a call option are not included in this prohibition.

XVIII. Investment Policy Adoption

The Chicago Public Schools' investment policy shall be adopted by resolution of the Board. The policy shall be reviewed annually by the Treasurer and the CPS Investment Committee, and any modifications thereto shall be approved by resolution of the Board.

XIX. Correction of Noncompliance

As a result of changes in the market, the Investment Act or other applicable law, current holdings could fail to meet the guidelines of this policy. Whenever that occurs, the Treasurer will immediately notify the Chief Fiscal Officer, and appropriate action will be taken.

XX. Appendix**Definition of Responsibilities**

Responsibilities of the Treasurer include, but are not limited to, the following:

- **Produce cash flow forecasts to identify CPS' cash flow needs**
- **Structure a portfolio which meets CPS' cash flow needs and ensures safety of principal and a reasonable market rate of return and protects against fraud, employee error, misrepresentation by third parties, or imprudent actions by employees**
- **Develop a system of internal controls to assure compliance with this Investment Policy and investment objectives**
- **Establish procedures for monitoring and annually reviewing CPS' broker-dealers**

- Provide monthly investment reports as specified in this Investment Policy to the Investment Committee at least quarterly
- Develop policies regarding trading practices which meet the objectives of this Investment Policy

Responsibilities of the Investment Committee include, but are not limited to, the following:

- Review the reports provided by the Treasurer to monitor compliance with the Investment Policy
- Review and discuss investment strategy and trading practice
- Review relationships with financial institutions, including broker/dealers, to ensure that financial institutions are being selected and reviewed in accordance with Treasury procedures
- Monitor use of all CPS funds, including bond funds, to ensure appropriateness and compliance with CPS Investment Policy and objectives
- Review policies regarding trading practices
- Review the system of internal controls established by the Treasurer

Responsibilities of the Professional Money Managers include, but are not limited to, the following:

- Manage the portion of the Chicago Public Schools' investment portfolio under their control in accordance with the policy objectives and guidelines as established.
- Comply with any applicable legal or regulatory stipulations.
- Exercise full investment discretion as to buy, hold and sell decisions for all assets under management within the investment guidelines established herein.
- Promptly inform the Treasurer of significant matters pertaining to the investment of the assets.
- On a quarterly basis, provide the following:
 - A written review of investment performance and portfolio structure.
 - A synopsis of key investment decisions, rationale and expected future implications.
 - An organizational update, including a report on any and all changes in organizational structure, staffing, investment processes and strategies and asset base.
- Meet with the Treasurer and/or Investment Committee as requested.
- Reconcile security market values and cash flows with the Custodian on a monthly basis.

Responsibilities of the Custodian(s) include, but are not limited to, the following:

- Act in accordance with relevant custody agreements.
- Report all financial transactions to the Treasurer and prepare periodic summaries of transactions, asset valuations and other related information as requested.
- Reconcile security market values and cash flows with the Investment Manager on a monthly basis.

Illinois Public Funds Investment Act



Office of the City Clerk



O2013-853

Office of the City Clerk

City Council Document Tracking Sheet

Meeting Date:	2/13/2013
Sponsor(s):	Emanuel, Rahm (Mayor)
Type:	Ordinance
Title:	Intergovernmental agreement with Board of Education for Tax Increment Financing for Jones College Prep
Committee(s) Assignment:	Committee on Finance



OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

February 13, 2013

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Housing and Economic Development, I transmit herewith an ordinance authorizing the execution of an Intergovernmental Agreement with the Board of Education for TIF funding for Jones College Prep.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, and as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the Board of Education of the City of Chicago (the "Board") is a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois, 105 ILCS 5/1-1 et seq. (2007) (the "School Code"); and

WHEREAS, pursuant to the provisions of an act to authorize the creation of public building commissions and to define their rights, powers and duties under the Public Building Commission Act (50 ILCS 20/1 et seq.), the City Council of the City (the "City Council") created the Public Building Commission of Chicago (the "Commission") to facilitate the acquisition and construction of public buildings and facilities; and

WHEREAS, the Board operates a high school known as The William Jones College Preparatory High School (also known as Jones College Prep or "Jones") (the "Existing Facility") on the real property generally located at 600-640 South State Street and 601-619 South Plymouth Court, Chicago, Illinois (the "Existing Property"); and

WHEREAS, the Commission owns in trust for and leases to the Board the Existing Property; and

WHEREAS, the Board is constructing new buildings and related improvements to house and serve the high school (the "School"); and

WHEREAS, the Board acquired the real property at 642-738 South State Street, Chicago, Illinois (the "New Property") for the construction of a new modern school; and

WHEREAS, the Board though the Commission is constructing a new facility, including athletic facilities, on the New Property acquired by the Board (the "New Facility"); and

WHEREAS, the Board desires to rehabilitate the Existing Facility to supplement the New Facility in housing and serving the School; and

WHEREAS, the Board also desires to construct an athletic field and related improvements (the "Athletic Facility") on real property at 2300 South Dearborn Street, Chicago, Illinois (the "Athletic Property") (the Existing Property and the Athletic Property shall be referred to together herein as the "Property," the rehabilitation of the Existing Facility shall be referred to herein as the "Existing Facility Project," the construction of the Athletic Facility shall be referred to herein "Athletic Facility Project," and the Existing Facility Project and the Athletic Facility Project shall be referred to together herein as the "Project"); and

WHEREAS, 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 blight conditions through the use of tax increment allocation financing for redevelopment projects; and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on August 3, 1994 (as published in the Journal of Proceedings of the City Council (the "Journal") for such date at pages 54876 to 54950): "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Near South Redevelopment Project Area" (as amended pursuant to ordinances adopted by the City Council on May 12, 1999 and published in the Journal for such date at pages 1002 to 1012, March 28, 2001 and published in the Journal for such date at pages 55308 to 55313, and April 13, 2011 and published in the Journal for such date at pages 114565 to 114621); "An Ordinance of the City of Chicago, Illinois Designating the Near South Redevelopment Project Area as a Tax Increment Financing District" (as amended pursuant to an ordinance adopted by the City Council on April 13, 2011 and published in the Journal for such date at pages 114622 to 114632); and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Near South Redevelopment Project Area" (as amended pursuant to an ordinance adopted by the City Council on April 13, 2011 and published in the Journal for such date at pages 114633 to 114641) (the aforesaid Ordinances are collectively referred to herein as the "Near South TIF Ordinances", the Redevelopment Plan approved by the Near South TIF Ordinances is referred to herein as the "Near South Redevelopment Plan" and the redevelopment project area created by the Near South TIF Ordinances, as amended, is referred to herein as the "Near South Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on July 21, 1999 (as published in the Journal for such date at pages 8099 to 8210): "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the 24th/Michigan Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the 24th/Michigan Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the 24th/Michigan Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "24th/Michigan TIF Ordinances", the Redevelopment Plan approved by the 24th/Michigan TIF Ordinances is referred to herein as the "24th/Michigan Redevelopment Plan" and the redevelopment project area created by the 24th/Michigan TIF Ordinances is referred to herein as the "24th/Michigan Redevelopment Area"); and

WHEREAS, all of the Existing Property lies wholly within the boundaries of the Near South Redevelopment Area, and all of the Athletic Property lies wholly within the boundaries of the 24th/Michigan Redevelopment Area; and

WHEREAS, under 65 ILCS 5/11-74.4-3(q)(7), such ad valorem taxes which pursuant to the Act have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof ("Increment") may be used to pay 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 (Increment collected from the Near South Redevelopment Area shall be known as the "Near South Increment" and Increment collected from the 24th/Michigan Redevelopment Area shall be known as the "24th/Michigan Increment"); and

WHEREAS, the Board is a taxing district under the Act; and

WHEREAS, the Near South Redevelopment Plan contemplates that tax increment financing assistance would be provided for public improvements within the boundaries of the Near South Redevelopment Area, and the 24th/Michigan Redevelopment Plan contemplates that tax increment financing assistance would be provided for public improvements within the boundaries of the 24th/Michigan Redevelopment Area; and

WHEREAS, pursuant to Section 5/11-74.4-4(q) of the Act, the City can use Increment from one redevelopment project area for eligible redevelopment project 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 Increment is received so long as the applicable redevelopment plans permit such use (the "Transfer Rights"); and

WHEREAS, the Near South Redevelopment Area is either contiguous to, or is separated only by a public right of way from, the 24th/Michigan Redevelopment Area; and

WHEREAS, the Near South Redevelopment Plan permits the exercise of Transfer Rights with respect to Near South Increment and the 24th/Michigan Redevelopment Plan permits the receipt of Increment pursuant to Transfer Rights; and

WHEREAS, the City may, in its discretion, exercise its Transfer Rights pursuant to the Act and the Near South and 24th/Michigan Redevelopment Plans to allocate and use a portion of the Near South Increment for the Athletic Facility Project; and

WHEREAS, the City desires to allocate and use a portion of the Near South Increment in an amount not to exceed \$13,900,000 (the "City Funds") for the Project pursuant to a proposed intergovernmental agreement between the City and the Board in substantially the form attached hereto as Exhibit 1 (the "Agreement"); and

WHEREAS, in accordance with the Act, the TIF-Funded Improvements (as defined in Article Three, Section 3 of the Agreement) are and shall be such of the Board's capital costs necessarily incurred or to be incurred in furtherance of the objectives of the Near South Redevelopment Plan and the 24th/Michigan Redevelopment Plan, and the City hereby finds that the TIF-Funded Improvements consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03 (u) of the Act; now, therefore,

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

SECTION 1. The above recitals, and the statements of fact and findings made therein, are incorporated herein and made a material part of this ordinance.

SECTION 2. The City hereby finds that the TIF-Funded Improvements, among other eligible redevelopment project costs under the TIF Act approved by the City, consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03 (u) of the TIF Act.

SECTION 3. The Commissioner is authorized to execute the Agreement and such other documents as are necessary in connection therewith. The Agreement shall contain such other terms as are necessary or appropriate.

SECTION 4. 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 this 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 5. *This ordinance takes effect upon passage and approval.*

EXHIBIT 1
AGREEMENT

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INTERGOVERNMENTAL AGREEMENT
BETWEEN THE CITY OF CHICAGO,
BY AND THROUGH ITS DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT,
AND THE BOARD OF EDUCATION OF THE CITY OF CHICAGO
REGARDING THE WILLIAM JONES COLLEGE PREPARATORY HIGH SCHOOL

This Intergovernmental Agreement regarding the William Jones College Preparatory High School (this "Agreement") is made and entered into as of the _____ day of _____, 2013 (the "Agreement Date") by and between the City of Chicago (the "City"), a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, by and through its Department of Housing and Economic Development (the "Department"), and the Board of Education of the City of Chicago (the "Board"), a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois.

RECITALS

WHEREAS, pursuant to the provisions of an act to authorize the creation of public building commissions and to define their rights, powers and duties under the Public Building Commission Act (50 ILCS 20/1 et seq.), the City Council of the City (the "City Council") created the Public Building Commission of Chicago (the "Commission") to facilitate the acquisition and construction of public buildings and facilities; and

WHEREAS, the Board operates a high school known as The William Jones College Preparatory High School (also known as Jones College Prep or "Jones") (the "Existing Facility") on the real property generally located at 600-640 South State Street and 601-619 South Plymouth Court, Chicago, Illinois (the "Existing Property"); and

WHEREAS, the Commission owns in trust for and leases to the Board the Existing Property; and

WHEREAS, the Board is constructing new buildings and related improvements to house and serve the high school (the "School"); and

WHEREAS, the Board acquired the real property at 642-738 South State Street, Chicago, Illinois (the "New Property") for the construction of a new modern school; and

WHEREAS, the Board though the Commission is constructing a new facility, including athletic facilities, on the New Property acquired by the Board (the "New Facility"); and

WHEREAS, the Board desires to rehabilitate the Existing Facility to supplement the New Facility in housing and serving the School; and

WHEREAS, the Board also desires to construct an athletic field and related improvements (the "Athletic Facility") on real property at 2300 South Dearborn Street, Chicago, Illinois (the "Athletic Property") (the Existing Property and the Athletic Property shall be referred to together herein as the "Property," the rehabilitation of the Existing Facility shall be referred to herein as the "Existing Facility

Project," the construction of the Athletic Facility shall be referred to herein "Athletic Facility Project," and the Existing Facility Project and the Athletic Facility Project shall be referred to together herein as the "Project"); and

WHEREAS, 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 blight conditions through the use of tax increment allocation financing for redevelopment projects; and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on August 3, 1994 (as published in the Journal of Proceedings of the City Council (the "Journal") for such date at pages 54876 to 54950): "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Near South Redevelopment Project Area" (as amended pursuant to ordinances adopted by the City Council on May 12, 1999 and published in the Journal for such date at pages 1002 to 1012, March 28, 2001 and published in the Journal for such date at pages 55308 to 55313, and April 13, 2011 and published in the Journal for such date at pages 114565 to 114621); "An Ordinance of the City of Chicago, Illinois Designating the Near South Redevelopment Project Area as a Tax Increment Financing District" (as amended pursuant to an ordinance adopted by the City Council on April 13, 2011 and published in the Journal for such date at pages 114622 to 114632); and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Near South Redevelopment Project Area" (as amended pursuant to an ordinance adopted by the City Council on April 13, 2011 and published in the Journal for such date at pages 114633 to 114641) (the aforesaid Ordinances are collectively referred to herein as the "Near South TIF Ordinances", the Redevelopment Plan approved by the Near South TIF Ordinances is referred to herein as the "Near South Redevelopment Plan" and the redevelopment project area created by the Near South TIF Ordinances, as amended, is referred to herein as the "Near South Redevelopment Area"); and

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on July 21, 1999 (as published in the Journal for such date at pages 8099 to 8210): "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the 24th/Michigan Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the 24th/Michigan Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the 24th/Michigan Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "24th/Michigan TIF Ordinances", the Redevelopment Plan approved by the 24th/Michigan TIF Ordinances is referred to herein as the "24th/Michigan Redevelopment Plan" and the redevelopment project area created by the 24th/Michigan TIF Ordinances is referred to herein as the "24th/Michigan Redevelopment Area"); and

WHEREAS, all of the Existing Property lies wholly within the boundaries of the Near South Redevelopment Area, and all of the Athletic Property lies wholly within the boundaries of the 24th/Michigan Redevelopment Area; and

WHEREAS, under 65 ILCS 5/11-74.4-3(q)(7), such ad valorem taxes which pursuant to the Act have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof ("Increment") may be used to pay 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 (Increment collected from the Near South Redevelopment Area shall be known as the "Near South Increment" and Increment collected from the 24th/Michigan Redevelopment Area shall be known as the "24th/Michigan Increment"); and

WHEREAS, the Board is a taxing district under the Act; and

WHEREAS, the Near South Redevelopment Plan contemplates that tax increment financing assistance would be provided for public improvements within the boundaries of the Near South Redevelopment Area, and the 24th/Michigan Redevelopment Plan contemplates that tax increment financing assistance would be provided for public improvements within the boundaries of the 24th/Michigan Redevelopment Area; and

WHEREAS, pursuant to Section 5/11-74.4-4(q) of the Act, the City can use Increment from one redevelopment project area for eligible redevelopment project 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 Increment is received so long as the applicable redevelopment plans permit such use (the "Transfer Rights"); and

WHEREAS, the Near South Redevelopment Area is either contiguous to, or is separated only by a public right of way from, the 24th/Michigan Redevelopment Area; and

WHEREAS, the Near South Redevelopment Plan permits the exercise of Transfer Rights with respect to Near South Increment and the 24th/Michigan Redevelopment Plan permits the receipt of Increment pursuant to Transfer Rights; and

WHEREAS, the City may, in its discretion, exercise its Transfer Rights pursuant to the Act and the Near South and 24th/Michigan Redevelopment Plans to allocate and use a portion of the Near South Increment for the Athletic Facility Project; and

WHEREAS, the City desires to allocate and use a portion of the Near South Increment in an amount not to exceed \$13,900,000 (the "City Funds") for the Project; and

WHEREAS, in accordance with the Act, the TIF-Funded Improvements (as defined in Article Three, Section 3 hereof) are and shall be such of the Board's capital costs necessarily incurred or to be incurred in furtherance of the objectives of the Near South Redevelopment Plan and the 24th/Michigan Redevelopment Plan, and the City has found that the TIF-Funded Improvements consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03 (u) of the Act;

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:

ARTICLE ONE: INCORPORATION OF RECITALS

The recitals set forth above are incorporated herein by reference and made a part hereof.

ARTICLE TWO: THE PROJECT

1. The plans and specifications for the Project shall: (a) at a minimum meet the general requirements for the Existing Facility and the Athletic Facility as set forth in Exhibit B hereof, (b) be provided to the City by the Board, and (c) approved by the City in the City's discretion. The Board shall comply with all applicable federal, state and local laws, statutes, ordinances, rules, regulations,

codes and executive orders, as well as all policies, programs and procedures of the Board, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto. The Board shall include a certification of such compliance with each request for City Funds hereunder and at the time the Project is completed. The City shall be entitled to rely on this certification without further inquiry. Upon the City's request, the Board shall provide evidence satisfactory to the City of such compliance.

2. In all contracts relating to the Project, the Board agrees to require the contractor (including the Commission, if applicable) to name the City as an additional insured on insurance coverages and to require the contractor to indemnify the City from all claims, damages, demands, losses, suits, actions, judgments and expenses including but not limited to attorney's fees arising out of or resulting from work on the Project by the contractor or contractor's suppliers, employees, or agents.

ARTICLE THREE: FUNDING

1. (a) On a quarterly basis (or as otherwise agreed to by the Department), the Board shall provide the Department with a Requisition Form, in the form of Exhibit E hereto, along with: (i) a cost itemization of the applicable portions of the budget attached as Exhibit G hereto; (ii) evidence of the expenditures upon TIF-Funded Improvements which the Board has incurred; and (iii) all other documentation described in Exhibit E. The City shall review and, in the City's discretion, approve each Requisition Form and make the applicable requested and approved disbursement of City Funds, subject to the availability thereof. The availability of the City Funds is subject to the City's compliance with all applicable requirements regarding the use of such funds and the timing of such use. The parties currently anticipate that Requisition Forms will be submitted and disbursements of City Funds will be made in the estimated amounts and at the estimated times set forth in Exhibit I hereto. No City Funds shall be disbursed with respect to the Athletic Facility Project until the Board has evidenced to the City in writing to the City's satisfaction that the Board owns or otherwise controls the Athletic Property, or has the right to enter the Athletic Property and undertake such activities as the Board deems necessary prior to owning or otherwise controlling the Athletic Property.

(b) Delivery by the Board to the Department of a Requisition Form hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such Requisition Form, that:

(i) the total amount of the City Funds disbursed in the previously made Disbursement (if any) represents the actual amount paid to the general contractor, subcontractors, and other parties who have performed work on or otherwise provided goods or services in connection with the Project, and/or their payees;

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

(iii) the Board has approved all work and materials for the current Requisition Form, and such work and materials conform to the plans and specifications for the Project; and

(iv) the Board is in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, as well as all policies, programs and procedures of the Board, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto.

The City shall have the right, in its discretion, to require the Board 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 approval of a Requisition Form 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 Board.

(c) [intentionally omitted]

(d) [intentionally omitted]

(e) (i) The Board's right to receive payments hereunder shall be subordinate to all prior obligations of the City to be paid from Near South Increment, including but not limited to the City's Tax Increment Allocation Bonds (Near South Redevelopment Project) \$42,500,000 Series 1999A Bonds and \$7,500,000 Series 1999B Bonds (Taxable) and Junior Lien Tax Increment Allocation Bonds (Near South Redevelopment Project), \$39,011,761.50 Series 2001A Bonds and \$7,230,000 Series 2001B Bonds (Taxable), that certain Blackstone Hotel Developer LLC and Urban Heritage Chicago Blackstone Hotel LLC Redevelopment Agreement dated on or about December 20, 2005 among the City, Blackstone Hotel Developer LLC and Urban Heritage Chicago Blackstone Hotel LLC and that certain Tax Increment Allocation Revenue Note (Blackstone Hotel Redevelopment Project), Taxable Series issued by the City pursuant thereto, and that certain Intergovernmental Agreement between the City and the Board dated December 5, 2012 regarding the New Facility.

(ii) The City, subject to the terms of this subsection 1(e)(ii), may, until the earlier to occur of (1) the expiration of the Term of this Agreement or (2) the date that the City has paid directly or the Board has been reimbursed in the full amount of the City Funds under this Agreement, exclude up to 90% of the Increment generated from the construction value of a new assisted development project and pledge that Increment to a developer on a basis superior to that of the Board. For purposes of this subsection, "a new assisted development project" shall not include any development project that is or will be exempt from the payment of ad valorem property taxes. Further, for purposes of this subsection, "Increment generated from the construction value of a new assisted development project" shall be the amount of Increment generated by the equalized assessed value ("EAV") of such affected parcels over and above the EAV of such affected parcels for the year immediately preceding the year in which the new assisted development project commences (the "Base Year"). Except for the foregoing, the Board shall retain its initial lien status relative to Near South Increment.

In the event that the City elects to avail itself of the provisions of this subsection, it shall, at least seven (7) days prior to executing a binding commitment pledging the Increment described above, certify, in a letter to the Board, the affected parcels and the EAV thereof for the Base Year.

(f) [intentionally omitted]

(g) The availability of City Funds is subject to: (i) the City's annual retention of Near South Increment in an amount necessary for the payment of expenses incurred by the City in the administration of the Near South Redevelopment Area; and (ii) the City's compliance with all applicable requirements regarding the use of such funds and the timing of such use.

(h) The Board shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion)

any additional bonds in connection with the Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements ("Other Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Board or the Project. The Board shall, at the Board's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Other Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto. The City may, in its sole discretion, use all or a portion of the proceeds of such Other Bonds if issued to pay for all or a portion of the TIF-Funded Improvements.

2. The current estimate of the cost of the Project is \$13,900,000. The Board has delivered to the Commissioner, and the Commissioner hereby approves, a detailed project budget for the Project, attached hereto and incorporated herein as Exhibit G. The Board certifies that it has identified sources of funds (including the City Funds) sufficient to complete the Project. The Board agrees that the City will only contribute the City Funds to the Project and that all costs of completing the Project over the City Funds shall be the sole responsibility of the Board. If the Board at any point does not have sufficient funds to complete the Project, the Board shall so notify the City in writing, and the Board may narrow the scope of the Project as agreed with the City in order to construct the New Facility with the available funds.

3. Attached as Exhibit H and incorporated herein is a preliminary list of capital improvements, land assembly costs, relocation costs and other costs, if any, recognized by the City as being eligible redevelopment project costs under the Act with respect to the Project, to be paid for out of City Funds ("TIF-Funded Improvements"); and to the extent the TIF-Funded Improvements are included as taxing district capital costs under the Act, the Board acknowledges that the TIF-Funded Improvements are costs for capital improvements and the City acknowledges it has determined that these TIF-Funded Improvements are necessary and directly result from the Near South Redevelopment Plan. Prior to the expenditure of City Funds on the Project, the Commissioner, based upon the detailed project budget, shall make such modifications to Exhibit H as he or she wishes in his or her discretion to account for all of the City Funds to be expended under this Agreement; provided, however, that all TIF-Funded Improvements shall (i) qualify as redevelopment project costs under the Act, (ii) qualify as eligible costs under the Near South Redevelopment Plan; and (iii) be improvements that the Commissioner has agreed to pay for out of City Funds, subject to the terms of this Agreement.

4. If the aggregate cost of the Project is less than the amount of the City Funds contemplated by this Agreement, the Board shall have no claim to the difference between the amount of the City Funds contemplated by this Agreement and the amount of the City Funds actually paid by the City to the Board and expended by the Board on the Project.

5. If requested by the City, the Board shall provide to the City quarterly reports on the progress of the Project and reasonable access to its books and records relating to the Project.

6. [intentionally omitted]

7. During the Term hereof the Board shall not sell, transfer, convey or otherwise dispose of all or any portion of the Property or any interest therein to a party other than the City (a "Transfer"), or otherwise effect or consent to a Transfer to a party other than the City, without the prior written consent of the City. The City's consent to any Transfer may, in the City's sole discretion, be conditioned upon (among other things) whether such a Transfer would conflict with the statutory

basis for the grant of the City Funds hereunder pursuant to the Act.

8. If in future (including after the expiration or termination hereof) the Board transfers (or causes to be transferred) the Property (or any portion thereof) to the City (or to a third party approved by the City and the Board) for public use, then the City Funds provided hereunder shall constitute consideration and/or compensation from the City to the Board for such transfer.

ARTICLE FOUR: TERM

The Term of the Agreement shall commence as of the Agreement Date and shall expire on the date on which the 24th/Michigan Redevelopment Area is no longer in effect (through and including July 21, 2022).

ARTICLE FIVE: INDEMNITY; DEFAULT

1. The Board agrees to indemnify, defend and hold the City, its officers, officials, members, employees and agents harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) the Board's failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Board's or any contractor's failure to pay general contractors, subcontractors or materialmen in connection with the Project.

2. The failure of the Board to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Board under this Agreement or any agreement directly related to this Agreement shall constitute an "Event of Default" by the Board hereunder. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all agreements directly related to this Agreement, and may suspend disbursement of the City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

In the event the Board shall fail to perform a covenant which the Board 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 Board 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 defaults which are not capable of being cured within such thirty (30) day period, the Board 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.

3. The failure of the City to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the City under this Agreement or any other agreement directly related to this Agreement shall constitute an "Event of Default" by the City hereunder. Upon the occurrence of an Event of Default, the Board may terminate this Agreement and any other agreement directly related to this Agreement. The Board 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.

In the event the City shall fail to perform a covenant which the City 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 City has failed to cure such default within thirty (30) days of its receipt of a written notice from the Board specifying the nature of the default; provided, however, with respect to those defaults which are not capable of being cured within such thirty (30) day period, the City 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.

ARTICLE SIX: CONSENT

Whenever the consent or approval of one or both parties to this Agreement is required hereunder, such consent or approval shall not be unreasonably withheld.

ARTICLE SEVEN: NOTICE

Notice to Board shall be addressed to:

Chief Financial Officer
Board of Education of the City of Chicago
125 South Clark Street, 14th Floor
Chicago, Illinois 60603
FAX: (773) 553-2701

and

General Counsel
Board of Education of the City of Chicago
125 South Clark Street, 7th Floor
Chicago, Illinois 60603
FAX: (773) 553-1702

Notice to the City shall be addressed to:

Commissioner
Department of Housing and Economic Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
FAX: (312) 744-2271

and

Corporation Counsel
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attention: Finance and Economic Development Division
FAX: (312) 744-8538

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth above, by any of the following means: (a) personal service; (b) electric communications, whether by telex, telegram, telecopy or facsimile (FAX) machine; (c)

overnight courier; or (d) registered or certified mail, return receipt requested.

Such addresses may be changed when notice is given to the other party in the same manner as 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 by electronic means. 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, if sent pursuant to subsection (d) shall be deemed received two (2) days following deposit in the mail.

ARTICLE EIGHT: ASSIGNMENT; BINDING EFFECT

This Agreement, or any portion thereof, shall not be assigned by either party without the prior written consent of the other.

This Agreement shall inure to the benefit of and shall be binding upon the City, the Board and their respective successors and permitted assigns. This Agreement is intended to be and is for the sole and exclusive benefit of the parties hereto and such successors and permitted assigns.

ARTICLE NINE: MODIFICATION

This Agreement may not be altered, modified or amended except by written instrument signed by all of the parties hereto.

ARTICLE TEN: COMPLIANCE WITH LAWS

The parties hereto shall comply with all federal, state and municipal laws, ordinances, rules and regulations relating to this Agreement.

ARTICLE ELEVEN: GOVERNING LAW AND SEVERABILITY

This Agreement shall be governed by the laws of the State of Illinois. If any provision of this Agreement shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, ordinance, rule of law or public policy, or for any reason, such circumstance shall not have the effect of rendering any other provision or provisions contained herein invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses, or sections contained in this Agreement shall not affect the remaining portions of this Agreement or any part hereof.

ARTICLE TWELVE: COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall be deemed an original.

ARTICLE THIRTEEN: ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties regarding the Project.

ARTICLE FOURTEEN: AUTHORITY

Execution of this Agreement by the City is authorized by an ordinance passed by the City Council of the City on _____, 2013. Execution of this Agreement by the Board is authorized

by Board Resolution 01-0725-RS2. The parties represent and warrant to each other that they have the authority to enter into this Agreement and perform their obligations hereunder.

ARTICLE FIFTEEN: HEADINGS

The headings and titles of this Agreement are for convenience only and shall not influence the construction or interpretation of this Agreement.

ARTICLE SIXTEEN: DISCLAIMER OF RELATIONSHIP

Nothing contained in this Agreement, nor any act of the City or the Board shall be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City and the Board.

ARTICLE SEVENTEEN: CONSTRUCTION OF WORDS

The use of the singular form of any word herein shall also include the plural, and vice versa. The use of the neuter form of any word herein shall also include the masculine and feminine forms, the masculine form shall include feminine and neuter, and the feminine form shall include masculine and neuter.

ARTICLE EIGHTEEN: NO PERSONAL LIABILITY

No officer, member, official, employee or agent of the City or the Board shall be individually or personally liable in connection with this Agreement.

ARTICLE NINETEEN: REPRESENTATIVES

Immediately upon execution of this Agreement, the following individuals will represent the parties as a primary contact in all matters under this Agreement.

For the Board: Patricia L. Taylor, Chief Operating Officer
Board of Education of the City of Chicago
125 South Clark Street, 17th Floor
Chicago, Illinois 60603
Phone: 773-553-2900
Fax: 773-553-2912

For the City: Robert McKenna, Assistant Commissioner
City of Chicago
Department of Housing and Economic Development
121 North LaSalle Street, Room 1003
Chicago, Illinois 60602
Phone: 312-744-9463
Fax: 312-744-5892

Each party agrees to promptly notify the other party of any change in its designated representative, which notice shall include the name, address, telephone number and fax number of the representative for such party for the purpose hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed and delivered as of the date first above written.

CITY OF CHICAGO, ILLINOIS

By: _____
Commissioner
Department of Housing
and Economic Development

THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO

By: _____
Chief Administrative Officer

Attest: By: _____
Secretary

Board Resolution No.: 01-0725-RS2

Approved as to legal form:

General Counsel

AGREEMENT EXHIBIT A
[intentionally omitted]

AGREEMENT EXHIBIT B
THE PROJECT/FEATURES OF THE EXISTING AND ATHLETIC FACILITIES

Address: Jones Academic High School
606 S. State St.
Chicago, IL 60605

National Teachers Academy Site
W. Cermak and S. Dearborn St.
Chicago, IL 60616

Project Description: This project is to renovate the existing Jones Academic High School building in order to increase the campus capacity to 1,770 students. This project will renovate the existing building built in 1967 and construct a new turf field at the National Teachers Academy for use by Jones Academic High School students. The renovation consists of exterior improvements including a new roof, brick and concrete work, and exterior painting as well as a walkway between the new construction and the existing building. Interior improvements to facilitate the educational programs, to comply with ADA and other safety related compliance, and interior painting are also included in the scope. New lighting, upgraded wireless connectivity, improved security and public address systems, correction of HVAC deficiencies, electrical power improvements, and plumbing improvements are also proposed.

In addition, a new turf field will be constructed adjacent to the National Teachers Academy site to provide exterior athletic facilities for Jones high school students.

Capacity:

Current Enrollment of New Facility: 1,200 students
Proposed Total Campus Enrollment: 1,770 students

Jones Academic serves students in grades 9 through 12.

AGREEMENT EXHIBITS C-D
[intentionally omitted]

AGREEMENT EXHIBIT E
REQUISITION FORM

_____ REQUISITION FORM

State of Illinois)
) SS
County of Cook)

The affiant, _____, _____ of the Board of Education of the City of Chicago, a body corporate and politic (the "Board"), hereby certifies to the City of Chicago (the "City") that with respect to that certain Intergovernmental Agreement between the Board and the City regarding the William Jones College Preparatory High School dated _____, 2013 (the "Agreement"):

A. The following is a true and complete statement of all expenditures for the Project by the Board to date:

TOTAL: \$ _____

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

 \$ _____

C. The Board requests disbursement for the following cost of TIF-Funded Improvements:

 \$ _____

D. None of the costs referenced in paragraph C above has been previously reimbursed by the City.

E. The Board hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Agreement are true and correct and the Board is in compliance with all applicable covenants contained therein.

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

3. The Board is in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, codes and executive orders, as well as all policies, programs and procedures of the Board, all as may be in effect from time to time, pertaining to or affecting the Project or the Board as related thereto.

F. Attached hereto are: (1) a cost itemization of the applicable portions of the budget attached as Exhibit G to the Agreement; and (2) evidence of the expenditures upon TIF-Funded Improvements for which the Board hereby seeks reimbursement.

All capitalized terms that are not defined herein have the meanings given such terms in the Agreement.

THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO, a body corporate and politic

By: _____
Name: _____
Title: _____

Subscribed and sworn before me this ____ day of _____, _____.

My commission expires: _____

Agreed and accepted:
CITY OF CHICAGO
DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT

Name: _____
Title: _____

AGREEMENT EXHIBIT F
[intentionally omitted]

**AGREEMENT EXHIBIT G
PROJECT BUDGET**

<u>Task Description</u>	<u>Budget</u>
Site improvements	\$300,000
Exterior improvements including new roof, brick and concrete work, and exterior painting	\$2,200,000
Interior and code related improvements including relocating educational space, painting all classrooms and corridors, ADA accessibility and other safety concerns	\$2,400,000
Mechanical, electrical and plumbing improvements including new lighting, new wireless and security, correcting deficiencies to HVAC, electrical power modifications, and plumbing work	\$3,800,000
Environmental abatement	\$900,000
New turf field construction at National Teachers Academy for use by Jones Academic HS students	\$4,300,000
Total	<u>\$13,900,000</u>

AGREEMENT EXHIBIT H
PROJECT TIF-FUNDED IMPROVEMENTS

<u>Task Description</u>	<u>Budget</u>
Site improvements	\$300,000
Exterior improvements including new roof, brick and concrete work, and exterior painting	\$2,200,000
Interior and code related improvements including relocating educational space, painting all classrooms and corridors, ADA accessibility and other safety concerns	\$2,400,000
Mechanical, electrical and plumbing improvements including new lighting, new wireless and security, correcting deficiencies to HVAC, electrical power modifications, and plumbing work	\$3,800,000
Environmental abatement	\$900,000
New turf field construction at National Teachers Academy for use by Jones Academic HS students	\$4,300,000
Total	<u>\$13,900,000</u>

**AGREEMENT EXHIBIT I
ANTICIPATED REQUISITION AND DISBURSEMENT SCHEDULE**

[not attached for purposes of ordinance]