
2010 Annual Report

**Midwest
Redevelopment Project Area**



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

JUNE 30, 2011



**ANNUAL TAX INCREMENT FINANCE REPORT
OFFICE OF ILLINOIS COMPTROLLER JUDY BAAR TOPINKA**

Name of Municipality: Chicago
County: Cook
Unit Code: 016/620/30

Reporting Fiscal Year: **2010**
Fiscal Year End: 12/ 31 /2010

TIF Administrator Contact Information

First Name: Andrew J.
Address: City Hall 121 N. LaSalle
Telephone: (312) 744-0025
E-Mail: TIFReports@cityofchicago.org

Last Name: Mooney
Title: TIF Administrator
City: Chicago, IL Zip: 60602

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

Andrew J. Mooney _____ 6.24.11
Written signature of TIF Administrator _____ Date

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

FILL OUT ONE FOR EACH TIF DISTRICT

Name of Redevelopment Project Area	Date Designated	Date Terminated
105th/Vincennes	10/3/2001	12/31/2025
111th Street/Kedzie Avenue Business District	9/29/1999	9/29/2022
119th and Halsted	2/6/2002	12/31/2026
119th/I-57	11/6/2002	12/31/2026
126th and Torrence	12/21/1994	12/21/2017
134th and Avenue K	3/12/2008	3/12/2032
24th/Michigan	7/21/1999	7/21/2022
26th and King Drive	1/11/2006	12/31/2030
35th and Wallace	12/15/1999	12/31/2023
35th/Halsted	1/14/1997	12/31/2021
35th/State	1/14/2004	12/31/2028
40th/State	3/10/2004	12/31/2028
43rd/Cottage Grove	7/8/1998	7/8/2021
45th/Western Industrial Park Conservation Area	3/27/2002	12/31/2026
47th/Ashland	3/27/2002	12/31/2026
47th/Halsted	5/29/2002	12/31/2026
47th/King Drive	3/27/2002	12/31/2026
47th/State	7/21/2004	12/31/2028
49th Street/St. Lawrence Avenue	1/10/1996	12/31/2020
51st/ Archer	5/17/2000	12/31/2024
53rd Street	1/10/2001	12/31/2025
60th and Western	5/9/1996	5/9/2019

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



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63rd/Ashland	3/29/2006	12/31/2030
63rd/Pulaski	5/17/2000	12/31/2024
67th/Cicero	10/2/2002	12/31/2026
69th/Ashland	11/3/2004	12/31/2028
71st and Stony Island	10/7/1998	10/7/2021
72nd and Cicero	11/17/1993	11/17/2016
73rd and Kedzie	11/17/1993	11/17/2016
73rd/University	9/13/2006	12/31/2030
79th and Cicero	6/8/2005	7/8/2021
79th Street Corridor	7/8/1998	12/31/2025
79th Street/Southwest Highway	10/3/2001	12/31/2029
79th/Vincennes	9/27/2007	12/31/2031
83rd/Stewart	3/31/2004	12/31/2028
87th/Cottage Grove	11/13/2002	12/31/2026
89th and State	4/1/1998	4/1/2021
95th and Western	7/13/1995	7/13/2018
95th Street and Stony Island	5/16/1990	5/16/2013
Addison Corridor North	6/4/1997	6/4/2020
Addison South	5/9/2007	12/31/2031
Archer Courts	5/12/1999	12/31/2023
Archer/ Central	5/17/2000	12/31/2024
Archer/Western	2/11/2009	12/31/2033
Armitage/Pulaski	6/13/2007	12/31/2031
Austin/Commercial	9/27/2007	12/31/2031
Avalon Park/South Shore	7/31/2002	12/31/2026
Avondale	7/29/2009	12/31/2033
Belmont/ Central	1/12/2000	12/31/2024
Belmont/Cicero	1/12/2000	12/31/2024
Bronzeville	11/4/1998	12/31/2022
Bryn Mawr/Broadway	12/11/1996	12/11/2019
Calumet Avenue/Cermak Road	7/29/1998	7/29/2021
Calumet River	3/10/210	12/31/2034
Canal/Congress	11/12/1998	12/31/2022
Central West	2/16/2000	12/31/2024
Chatham-Ridge	12/18/1986	12/31/2010 (1)
Chicago/ Kingsbury	4/12/2000	12/31/2024
Chicago/Central Park	2/27/2002	12/31/2026
Chicago Lakeside Development – Phase 1 (USX)	5/12/2010	12/31/2034
Chinatown Basin	12/18/1986	12/31/2010
Cicero/Archer	5/17/2000	12/31/2024
Clark Street and Ridge Avenue	9/29/1999	9/29/2022
Clark/Montrose	7/7/1999	7/7/2022
Commercial Avenue	11/13/2002	12/31/2026
Devon/Sheridan	3/31/2004	12/31/2028

(1) This TIF has been terminated; however, the sales tax portion continues to exist for the sole purpose of servicing outstanding obligations which may be retired early at which point the sales tax portion will also terminate.



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Devon/Western	11/3/1999	12/31/2023
Diversey/ Narragansett	2/5/2003	12/31/2027
Division/Homan	6/27/2001	12/31/2025
Division/North Branch	3/15/1991	3/15/2014
Division-Hooker	7/10/1996	7/10/2019
Drexel Boulevard	7/10/2002	12/31/2026
Eastman/North Branch	10/7/1993	10/7/2016
Edgewater	12/18/1986	12/18/2009
Edgewater/ Ashland	10/1/2003	12/31/2027
Elston/Armstrong Industrial Corridor	7/19/2007	12/31/2031
Englewood Mall	11/29/1989	11/29/2012
Englewood Neighborhood	6/27/2001	12/31/2025
Ewing Avenue	3/10/2010	12/31/2034
Forty-first Street and Dr. Martin Luther King, Jr. Drive	7/13/1994	7/13/2017
Fullerton/ Milwaukee	2/16/2000	12/31/2024
Galewood/Armitage Industrial	7/7/1999	7/7/2022
Goose Island	7/10/1996	7/10/2019
Greater Southwest Industrial Corridor (East)	3/10/1999	12/31/2023
Greater Southwest Industrial Corridor (West)	4/12/2000	12/31/2024
Harlem Industrial Park Conservation Area	3/14/2007	12/31/2031
Harrison/Central	7/26/2006	12/31/2030
Hollywood/Sheridan	11/7/2007	12/31/2031
Homan/Grand Trunk	12/15/1993	12/15/2016
Homan-Arthington	2/5/1998	2/5/2021
Howard-Paulina	10/14/1988	10/14/2011
Humboldt Park Commercial	6/27/2001	12/31/2025
Irving Park/Elston	5/13/2009	12/31/2033
Irving/Cicero	6/10/1996	12/31/2020
Jefferson Park Business District	9/9/1998	9/9/2021
Jefferson/ Roosevelt	8/30/2000	12/31/2024
Kennedy/Kimball	3/12/2008	3/12/2032
Kinzie Industrial Corridor	6/10/1998	6/10/2021
Kostner Avenue	11/5/2008	11/5/2032
Lake Calumet Area Industrial	12/13/2000	12/31/2024
Lakefront	3/27/2002	12/31/2026
Lakeside/Clarendon	7/21/2004	12/31/2028
LaSalle Central	11/15/2006	12/31/2030
Lawrence/ Kedzie	2/16/2000	12/31/2024
Lawrence/Broadway	6/27/2001	12/31/2025
Lawrence/Pulaski	2/27/2002	12/31/2026
Lincoln Avenue	11/3/1999	12/31/2023
Lincoln-Belmont-Ashland	11/2/1994	11/2/2017
Little Village East	4/22/2009	12/31/2033
Little Village Industrial Corridor	6/13/2007	12/31/2031



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Madden/Wells	11/6/2002	12/31/2026
Madison/Austin Corridor	9/29/1999	12/31/2023
Michigan/Cermak	9/13/1989	9/13/2012
Midway Industrial Corridor	2/16/2000	12/31/2024
Midwest	5/17/2000	12/31/2024
Montclare	8/30/2000	12/31/2024
Montrose/Clarendon	6/30/2010	12/31/2034
Near North	7/30/1997	7/30/2020
Near South	11/28/1990	12/31/2014
Near West	3/23/1989	12/31/2013
North Branch (North)	7/2/1997	12/31/2021
North Branch (South)	2/5/1998	2/5/2021
North Pullman	6/30/2009	12/31/2033
North-Cicero	7/30/1997	7/30/2020
Northwest Industrial Corridor	12/2/1998	12/2/2021
Ogden/Pulaski	4/9/2008	4/9/2032
Ohio/Wabash	6/7/2000	12/31/2024
Pershing/King	9/5/2007	12/31/2031
Peterson/ Cicero	2/16/2000	12/31/2024
Peterson/ Pulaski	2/16/2000	12/31/2024
Pilsen Industrial Corridor	6/10/1998	12/31/2022
Portage Park	9/9/1998	9/9/2021
Pratt/Ridge Industrial Park Conservation Area	6/23/2004	12/31/2028
Pulaski Corridor	6/9/1999	6/9/2022
Randolph and Wells	6/9/2010	12/31/2034
Ravenswood Corridor	3/9/2005	12/31/2029
Read-Dunning	1/11/1991	12/31/2015
River South	7/30/1997	7/30/2020
River West	1/10/2001	12/31/2025
Roosevelt/Canal	3/19/1997	12/31/2021
Roosevelt/Cicero	2/5/1998	2/5/2021
Roosevelt/Racine	11/4/1998	12/31/2022
Roosevelt/Union	5/12/1999	5/12/2022
Roosevelt-Homan	12/5/1990	12/5/2013
Roseland/Michigan	1/16/2002	12/31/2026
Sanitary Drainage and Ship Canal	7/24/1991	7/24/2014
South Chicago	4/12/2000	12/31/2024
South Works Industrial	11/3/1999	12/31/2023
Stevenson/Brighton	4/11/2007	12/31/2031
Stockyards Annex	12/11/1996	12/31/2020
Stockyards Industrial Commercial	3/9/1989	3/9/2012
Stockyards Southeast Quadrant Industrial	2/26/1992	2/26/2015
Stony Island Avenue Commercial and Burnside Industrial Corridors	6/10/1998	6/10/2021
Touhy/Western	9/13/2006	12/31/2030



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Weed/Fremont	1/8/2008	1/8/2032
West Grand	6/10/1996	6/10/2019
West Irving Park	1/12/2000	12/31/2024
West Pullman Industrial Park	3/11/1998	3/11/2021
West Ridge-Peterson Avenue	10/27/1986	12/31/2010
West Woodlawn	5/12/2010	12/31/2034
Western Avenue North	1/12/2000	12/31/2024
Western Avenue Rock Island	2/8/2006	12/31/2024
Western Avenue South	1/12/2000	12/31/2030
Western/Ogden	2/5/1998	2/5/2021
Wilson Yard	6/27/2001	12/31/2025
Woodlawn	1/20/1999	1/20/2022

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

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

	No	Yes
Were there any amendments to the redevelopment plan, the redevelopment project area, or the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (1) and 5/11-74.6-22 (d) (1)] If yes, please enclose the amendment labeled Attachment A	X	
Certification of the Chief Executive Officer of the municipality that the municipality has complied with all of the requirements of the Act during the preceding fiscal year. [65 ILCS 5/11-74.4-5 (d) (3) and 5/11-74.6-22 (d) (3)] Please enclose the CEO Certification labeled Attachment B		X
Opinion of legal counsel that municipality is in compliance with the Act. [65 ILCS 5/11-74.4-5 (d) (4) and 5/11-74.6-22 (d) (4)] Please enclose the Legal Counsel Opinion labeled Attachment C		X
Were there any activities undertaken in furtherance of the objectives of the redevelopment plan, including any project implemented in the preceding fiscal year and a description of the activities undertaken? [65 ILCS 5/11-74.4-5 (d) (7) (A and B) and 5/11-74.6-22 (d) (7) (A and B)] If yes, please enclose the Activities Statement labeled Attachment D		X
Were any agreements entered into by the municipality with regard to the disposition or redevelopment of any property within the redevelopment project area or the area within the State Sales Tax Boundary? [65 ILCS 5/11-74.4-5 (d) (7) (C) and 5/11-74.6-22 (d) (7) (C)] If yes, please enclose the Agreement(s) labeled Attachment E		X
Is there additional information on the use of all funds received under this Division and steps taken by the municipality to achieve the objectives of the redevelopment plan? [65 ILCS 5/11-74.4-5 (d) (7) (D) and 5/11-74.6-22 (d) (7) (D)] If yes, please enclose the Additional Information labeled Attachment F		X
Did the municipality's TIF advisors or consultants enter into contracts with entities or persons that have received or are receiving payments financed by tax increment revenues produced by the same TIF? [65 ILCS 5/11-74.4-5 (d) (7) (E) and 5/11-74.6-22 (d) (7) (E)] If yes, please enclose the contract(s) or description of the contract(s) labeled Attachment G	X	
Were there any reports or meeting minutes submitted to the municipality by the joint review board? [65 ILCS 5/11-74.4-5 (d) (7) (F) and 5/11-74.6-22 (d) (7) (F)] If yes, please enclose the Joint Review Board Report labeled Attachment H	X	
Were any obligations issued by municipality? [65 ILCS 5/11-74.4-5 (d) (8) (A) and 5/11-74.6-22 (d) (8) (A)] If yes, please enclose the Official Statement labeled Attachment I	X	
Was analysis prepared by a financial advisor or underwriter setting forth the nature and term of obligation and projected debt service including required reserves and debt coverage? [65 ILCS 5/11-74.4-5 (d) (8) (B) and 5/11-74.6-22 (d) (8) (B)] If yes, please enclose the Analysis labeled Attachment J	X	
Cumulatively, have deposits equal or greater than \$100,000 been made into the special tax allocation fund? 65 ILCS 5/11-74.4-5 (d) (2) and 5/11-74.6-22 (d) (2) If yes, please enclose Audited financial statements of the special tax allocation fund labeled Attachment K		X
Cumulatively, have deposits of incremental revenue equal to or greater than \$100,000 been made into the special tax allocation fund? [65 ILCS 5/11-74.4-5 (d) (9) and 5/11-74.6-22 (d) (9)] If yes, please enclose a certified letter statement reviewing compliance with the Act labeled Attachment L		X
A list of all intergovernmental agreements in effect in FY 2010, to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)] If yes, please enclose list only of the intergovernmental agreements labeled Attachment M		X

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

SECTION 3.1 - (65 ILCS 5/11-74.4-5 (d) (5) and 65 ILCS 5/11-74.6-22 (d) (5))

Provide an analysis of the special tax allocation fund.

Reporting Year	Cumulative *
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Fund Balance at Beginning of Reporting Period

\$ 38,906,899

Revenue/Cash Receipts Deposited in Fund During Reporting FY:

			% of Total
Property Tax Increment	14,210,154	\$ 80,521,965	69%
State Sales Tax Increment			0%
Local Sales Tax Increment			0%
State Utility Tax Increment			0%
Local Utility Tax Increment			0%
Interest	756,625		0%
Land/Building Sale Proceeds			0%
Bond Proceeds		30,373,738	26%
Note Proceeds		4,900,000	4%
Transfers in from Municipal Sources (Porting in)		983,720	1%
Private Sources			0%
Other (identify source _____; if multiple other sources, attach schedule)			0%

Total Amount Deposited in Special Tax Allocation Fund During Reporting Period

14,966,779

Cumulative Total Revenues/Cash Receipts

\$ 116,779,423	100%
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Total Expenditures/Cash Disbursements (Carried forward from Section 3.2)

6,460,307

Transfers out to Municipal Sources (Porting out)

5,514,401

Distribution of Surplus

--

Total Expenditures/Disbursements

11,974,708

NET INCOME/CASH RECEIPTS OVER/(UNDER) CASH DISBURSEMENTS

2,992,071

FUND BALANCE, END OF REPORTING PERIOD

\$ 41,898,970

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

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

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

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

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

		Reporting Fiscal Year
1. Costs of studies, administration and professional services—Subsections (q)(1) and (o) (1)	265,370	
		\$ 265,370
2. Cost of marketing sites—Subsections (q)(1.6) and (o)(1.6)		
		\$ -
3. Property assembly, demolition, site preparation and environmental site improvement costs. Subsection (q)(2), (o)(2) and (o)(3)	170,660	
		\$ 170,660
4. Costs of rehabilitation, reconstruction, repair or remodeling and replacement of existing public buildings. Subsection (q)(3) and (o)(4)	1,000,000	
		\$ 1,000,000
5. Costs of construction of public works and improvements. Subsection (q)(4) and (o)(5)	1,666,471	
		\$ 1,666,471
6. Costs of removing contaminants required by environmental laws or rules (o)(6) - Industrial Jobs Recovery TIFs ONLY		
		\$ -

7. Cost of job training and retraining, including "welfare to work" programs Subsection (q)(5), (o)(7) and (o)(12)		
	271,652	
		\$ 271,652
8. Financing costs. Subsection (q) (6) and (o)(8)		
	3,086,154	
		\$ 3,086,154
9. Approved capital costs. Subsection (q)(7) and (o)(9)		
		\$ -
10. Cost of Reimbursing school districts for their increased costs caused by TIF assisted housing projects. Subsection (q)(7.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
11. Relocation costs. Subsection (q)(8) and (o)(10)		
		\$ -
12. Payments in lieu of taxes. Subsection (q)(9) and (o)(11)		
		\$ -
13. Costs of job training, retraining advanced vocational or career education provided by other taxing bodies. Subsection (q)(10) and (o)(12)		
		\$ -

14. Costs of reimbursing private developers for interest expenses incurred on approved redevelopment projects. Subsection (q)(11)(A-E) and (o)(13)(A-E)		
		\$ -
15. Costs of construction of new housing units for low income and very low-income households. Subsection (q)(11)(F) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
16. Cost of day care services and operational costs of day care centers. Subsection (q) (11.5) - Tax Increment Allocation Redevelopment TIFs ONLY		
		\$ -
TOTAL ITEMIZED EXPENDITURES		\$ 6,460,307

Section 3.2 B

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

Name	Service	Amount
City Staff Costs ¹	Administration	\$ 235,338
Johnson Research Group	Professional Service	\$ 17,780
New West Kedzie LLC	Development	\$ 163,717
MY BAPS Construction Corp.	Remediation	\$ 6,943
Lawndale H & A Bond LP	Development	\$ 1,000,000
Sumit Construction Co. Inc	Public Improvement	\$ 284,181
Seven D Construction	Public Improvement	\$ 54,288
Oosterbann & Sons Co.	Public Improvement	\$ 12,953
City Lights Ltd/ZSL Electric	Public Improvement	\$ 94,121
Chicago Department of Transportation	Public Improvement	\$ 63,789
Globetrotters Engineering	Public Improvement	\$ 14,462
Electrical Resource Management	Public Improvement	\$ 69,193
URS Corp.	Public Improvement	\$ 49,214
Chicago Department of Streets & Sanitation	Public Improvement	\$ 19,758
Chicago Board of Education	Public Improvement	\$ 986,486
The CARA Program	Job Training	\$ 50,000
The Roscoe Co.	Job Training	\$ 56,560
Community Christ. Altern	Job Training	\$ 16,779
St. Anthony Hospital	Job Training	\$ 12,763
Touch-N-Go Landscaping	Job Training	\$ 135,550
Harris Trust & Savings Bank	Financing	\$ 967,723
Wells Fargo Bank	Financing	\$ 2,118,431

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

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

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

FUND BALANCE, END OF REPORTING PERIOD \$ 41,898,970

	Amount of Original Issuance	Amount Designated
1. Description of Debt Obligations		
Reserved for debt service	\$ 4,900,000	\$ 2,300,450
	28,830,000	

Total Amount Designated for Obligations \$ 33,730,000 \$ 2,300,450

2. Description of Project Costs to be Paid		
Designated for future redevelopment project costs		\$ 38,598,520

Total Amount Designated for Project Costs \$ 38,598,520

TOTAL AMOUNT DESIGNATED \$ 40,898,970

SURPLUS*/(DEFICIT) \$ 1,000,000

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

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

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

Property Acquired by the Municipality Within the Redevelopment Project Area

Property (1):	
Street address:	1547 S. Central Park
Approximate size or description of property:	3,125 square ft.
Purchase price:	
Seller of property:	N/A

Property (2):	
Street address:	2543 W. Monroe Street ¹
Approximate size or description of property:	N/A
Purchase price:	N/A
Seller of property:	N/A

Property (3):	
Street address:	2529 W. Monroe Street ¹
Approximate size or description of property:	N/A
Purchase price:	N/A
Seller of property:	N/A

Property (4):	
Street address:	704 S. Kedzie Avenue ¹
Approximate size or description of property:	N/A
Purchase price:	N/A
Seller of property:	N/A

¹ This property was acquired through the Tax Reactivation Program ("TRP"), under which the City instructs the County of Cook to make a no cash bid on certain tax-delinquent parcels. The City then pursues the acquisition in a court proceeding and receives a tax deed from the County after a court order is issued. The City pays court costs and certain incidental expenses for each parcel, which average between \$2,000 and \$2,500. The size and description of each parcel is usually not available.

SECTION 5 - 65 ILCS 5/11-74.4-5 (d) (7) (G) and 65 ILCS 5/11-74.6-22 (d) (7) (G)
 Please include a brief description of each project.

	11/1/99 to Date	Estimated Investment for Subsequent Fiscal Year	Total Estimated to Complete Project
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See "General Notes" Below.

TOTAL:			
Private Investment Undertaken	\$ 28,613,738	\$ -	\$ 82,682,253
Public Investment Undertaken	\$ 15,596,695	\$ 1,902,682	\$ 14,250,000
Ratio of Private/Public Investment	1 5/6		5 69/86

Project 1:			
Small Business Improvement Fund (SBIF) **		Project is Ongoing ***	
Private Investment Undertaken			\$ 3,000,000
Public Investment Undertaken	\$ 673,655	\$ 275,448	\$ 1,500,000
Ratio of Private/Public Investment	0		2

Project 2:			
Neighborhood Improvement Fund (NIF) **		Project is Ongoing ***	
Private Investment Undertaken			\$ 11,500,000
Public Investment Undertaken	\$ 1,829,563	\$ 1,306,812	\$ 5,750,000
Ratio of Private/Public Investment	0		2

Project 3:			
Liberty Square Apartments (DOH)		Project is Ongoing ***	
Private Investment Undertaken			\$ 12,438,917
Public Investment Undertaken	\$ 229,760	\$ 106,222	\$ 1,900,000
Ratio of Private/Public Investment	0		6 35/64

Project 4:			
New West Kedzie, LLC		Project is Ongoing ***	
Private Investment Undertaken			\$ 17,744,426
Public Investment Undertaken	\$ 1,913,717	\$ 214,200	\$ 3,500,000
Ratio of Private/Public Investment	0		5 3/43

Project 5:			
Lawndale Restoration Apartments		Project Completed	
Private Investment Undertaken	\$ 19,846,475		\$ -
Public Investment Undertaken	\$ 8,950,000		\$ -
Ratio of Private/Public Investment	2 5/23		0

Project 6:			
Renaissance Place		Project Completed	
Private Investment Undertaken	\$ 8,767,263		\$ -
Public Investment Undertaken	\$ 2,000,000		\$ -
Ratio of Private/Public Investment	4 28/73		0

Project 7:			
New Homes Chicago- Resurrection		Project is Ongoing ***	
Private Investment Undertaken			
Public Investment Undertaken			\$ 350,000
Ratio of Private/Public Investment	0		0

Project 8:			
Rockwell West End - Phase II - A		Project is Ongoing ***	
Private Investment Undertaken			\$ 37,998,910
Public Investment Undertaken			\$ 1,250,000
Ratio of Private/Public Investment	0		30 2/5

** Depending on the particular goals of this type of program, the City may: i) make an advance disbursement of the entire public investment amount to the City's program administrator, ii) disburse the amounts through an escrow account, or iii) pay the funds out piecemeal to the program administrator as each ultimate grantee's rehabilitation work is approved under the program.

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

Please include a brief description of each project.

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

General Notes

(a) Each actual or estimated Public Investment reported here is, to the extent possible, comprised only of payments financed by tax increment revenues. In contrast, each actual or estimated Private Investment reported here is, to the extent possible, comprised of payments financed by revenues that are not tax increment revenues and, therefore, may include private equity, private lender financing, private grants, other public monies, or other local, state or federal grants or loans.

(b) Each amount reported here under Public Investment Undertaken, Total Estimated to Complete Project, is the maximum amount of payments financed by tax increment revenues that could be made pursuant to the corresponding Project's operating documents, but not including interest that may later be payable on developer notes, and may not necessarily reflect actual expenditures, if any, as reported in Section 3 herein. The total public investment amount ultimately made under each Project will depend upon the future occurrence of various conditions, including interest that may be payable on developer notes as set forth in the Project's operating documents.

(c) Each amount reported here under Public Investment Undertaken, 11/1/1999 to Date, is cumulative from the Date of execution of the corresponding Project to the end of the reporting year, and may include interest amounts paid to finance the Public Investment amount. Projects undertaken prior to 11/1/1999 are not reported on this table.

(d) Intergovernmental agreements, if any, are reported on Attachment M hereto.

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Attachment B

CERTIFICATION

TO:

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

Jean-Claude Brizard
Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

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

Herman Brewer
Director
Cook County Bureau of Planning & Dev.
69 West Washington Street, Suite 2900
Chicago, Illinois 60602

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

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

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

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

Attachment B

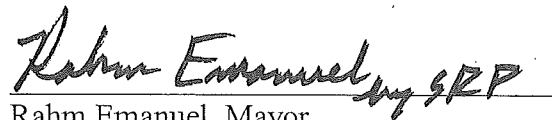
1. I am the duly qualified and acting Mayor of the City of Chicago, Illinois (the "City") and, as such, I am the City's Chief Executive Officer. This Certification is being given by me in such capacity.

2. During the preceding fiscal year of the City, being January 1 through December 31, 2010, the City complied, in all material respects, with the requirements of the Act, as applicable from time to time, regarding the Redevelopment Project Area.

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

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

IN WITNESS WHEREOF, I have hereunto affixed my official signature as of this 30th day of June, 2011.


Rahm Emanuel, Mayor
City of Chicago, Illinois



DEPARTMENT OF LAW

June 30, 2011

CITY OF CHICAGO

Attachment C

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

Jean-Claude Brizard
Chief Executive Officer
Chicago Board of Education
125 South Clark Street, 5th Floor
Chicago, Illinois 60603

Dolores Javier, Treasurer
City Colleges of Chicago
226 West Jackson Boulevard, Room 1125
Chicago, Illinois 60606

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

Herman Brewer
Director
Cook County Bureau of Planning & Dev.
69 West Washington Street, Suite 2900
Chicago, Illinois 60602

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

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

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

Re: Midwest
Redevelopment Project Area (the "Redevelopment Project
Area")

Dear Addressees:

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

Attachment C

Opinion of Counsel for 2010 Annual Report
Page 2

June 30, 2011

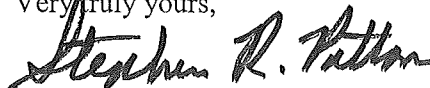
Attorneys, past and present, in the Law Department of the City and familiar with the requirements of the Act, have had general involvement in the proceedings affecting the Redevelopment Project Area, including the preparation of ordinances adopted by the City Council of the City with respect to the following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

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

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

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

Very truly yours,



Stephen R. Patton
Corporation Counsel

SCHEDULE 1

(Exception Schedule)

No Exceptions

Note the following Exceptions:

ATTACHMENTS D, E and F

ATTACHMENT D

Activities Statement

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

<u>Name of Project</u>
Rockwell/West End - Phase II - A Rental

Redevelopment activities undertaken within this Project Area during the preceding fiscal year, if any, have been made pursuant to: (i) the Redevelopment Plan for the Project Area, and (ii) any Redevelopment Agreements affecting the Project Area, and are set forth in Section 3 herein by TIF-eligible expenditure category.

ATTACHMENT E

Agreements

Agreements entered into concerning the disposition or redevelopment of property within the Project Area during the preceding fiscal year, if any, are attached hereto.

<u>Parties to Agreement with City</u>	<u>Project Description</u>	<u>Address</u>
Chicago Housing Authority	Construction of Mixed Use Property	2450, 2454-2460 W. Jackson 2522, 2524, 2531-2532, 2534-2540, 2546-2547, 2549, 2552, 2554 W. Monroe Street
Highland Park CVS, LLC	Construction of Mixed Use Property	3160 W. Madison
Lawndale Christian Development	Construction of Mixed Use Property	3800-3824 W.16th

ATTACHMENT F

Additional Information

The amounts shown elsewhere in this report, including those shown in Section 3 herein, have been used to pay for project cost within the Project Area and for debt service (if applicable), all in furtherance of the objectives of the Redevelopment Plan for the Project Area.



Doc#: 1023818083 Fee: \$164.00
 Eugene "Gene" Moore RHSP Fee: \$10.00
 Cook County Recorder of Deeds
 Date: 08/26/2010 04:49 PM Pg: 1 of 65

211674

This agreement was prepared by and
 after recording return to:

Crystal S. Maher, Esq.
 City of Chicago Law Department
 121 North LaSalle Street, Room 600
 Chicago, IL 60602

WEST END/ROCKWELL PHASE II-A RENTAL PROJECT REDEVELOPMENT AGREEMENT

This West End/Rockwell Phase II-A Rental Project Redevelopment Agreement (the "**Agreement**") is made as of this 11th day of August, 2010, by and among the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Community Development ("**DCD**"), East Lake/West End II, LP, an Illinois limited partnership (the "**Partnership**") and East Lake/West End, LLC, an Illinois limited liability company (the "**General Partner**").

RECITALS:

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

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

C. City Council Authority: To induce redevelopment under the provisions of the Act, the City Council of the City (the "**City Council**") adopted the following ordinances on May 17, 2000: (1) "An Ordinance of the City of Chicago, Illinois Approving a Redevelopment Plan for the Midwest Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Midwest Redevelopment Project Area as a Redevelopment Project Area Pursuant to Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Midwest

Box 430

65 pgs

Redevelopment Project Area" (the "**TIF Adoption Ordinance**"). Collectively the three ordinances are defined as the "**TIF Ordinances**". The Redevelopment Area (as defined below) is legally described on Exhibit A.

D. The Project: The General Partner previously entered into an Amended and Restated Redevelopment Agreement dated October 1, 2007 (the "**CHA Redevelopment Agreement**") with the Chicago Housing Authority ("**CHA**") and The Habitat Company LLC, not personally but in its capacity as Receiver for the CHA, for the construction by the General Partner and other entities formed by the General Partner of approximately 690 housing units, including replacement public housing, on sites located within Midwest Tax Increment Financing Redevelopment Project Area. The project contemplated by this Redevelopment Agreement is for the construction of approximately 112 of those units on a site in the Midwest Redevelopment Area that is generally bounded by Madison Street on the north, South Western Avenue on the east, West Van Buren Street on the south, and by South Rockwell Avenue on the west, in Chicago, Illinois (the "**Property**"). CHA will lease the Property to the Partnership pursuant to one or more 99-year ground leases. The Property is located wholly within the Redevelopment Area. A legal description of the Property is stated in Exhibit B. The Developer Parties (as hereinafter defined) plan to construct approximately 22 new buildings, which will be a mix of 3-, 4-, 6- and 10-flats. The buildings will collectively comprise approximately 112 residential rental units consisting of 65 rental units available for CHA Residents (as defined below), 33 residential rental units available for Low Income Families (as defined below) and 14 market rate rental units (the "**Project**"). The completion of the Project would not reasonably be anticipated to occur without the financing contemplated in this Agreement.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Midwest Redevelopment Project Area Tax Increment Finance Program Redevelopment Plan and Project (the "**Redevelopment Plan**") as amended from time to time.

F. City Financing and Assistance: Subject to the terms and conditions of this Agreement, the City will issue the City Note (as defined below) to the General Partner in the amount stated in Section 4.03. The City will make payments of principal and interest on the City Note to reimburse the Developer Parties with the Available Incremental Taxes for the cost of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement and the City Note. In addition, the City may, in its discretion, issue tax increment allocation bonds ("**TIF Bonds**") secured by Incremental Taxes (as defined below) pursuant to a TIF bond ordinance (the "**TIF Bond Ordinance**"), at a later date as described and conditioned in Section 4.08 hereof. The proceeds of the TIF Bonds (the "**TIF Bond Proceeds**") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Available Incremental Taxes, including any such payment made under the City Note provided to the General Partner under this Agreement.

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

AGREEMENT:

SECTION 1: RECITALS

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

SECTION TWO: DEFINITIONS

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

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

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

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

“**Available Incremental Taxes**” shall mean an amount equal to the Incremental Taxes (as defined below) deposited after the Closing Date(as defined below) in the Midwest Redevelopment Project Area Special Tax Allocation Fund (as defined below) attributable to the taxes levied on the (i) Property and (ii) any future for-sale residential development that is considered a part of the CHA Plan for Transformation in the Redevelopment Area owned by or ground leased to the Developer Parties or an Affiliate, both (i) and (ii) as adjusted to reflect the amount of the City Fee described in Section 4.05(b) hereof and not pledged to prior obligations in the Redevelopment Area.

“**Available Project Funds**” has the meaning defined for such phrase in Section 4.07(g).

“**Bonds**” has the meaning defined in Section 8.05.

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

“**Certificate**” means the Certificate of Completion of Construction described in Section 7.01.

“**Certificate of Expenditure(s)**” means the certificates referenced in the City Note issued by the City to increase the principal amount payable under the City Note.

“**Change Order**” means any amendment or modification to the Scope Drawings, the Plans and Specifications, or the Project Budget (all as defined below) within the scope of Section 3.04.

“**CHA Residents**” shall mean tenants who qualify as being eligible to occupy “public

housing” as defined in Section 3(b) of the United States Housing Act of 1937, as amended and as may hereafter be amended from time to time or any successor legislation, together with all regulations implementing the same.

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

"City Council" means the City Council of the City of Chicago as defined in the recitals.

"City Fee" means the fee described in Section 4.05(b) hereof.

"City Funds" means the funds paid to the General Partner pursuant to the City Note.

"City Note" shall mean the City of Chicago Tax Increment Allocation Revenue Note (West End/Rockwell Phase II-A Rental Project), Taxable Series A, to be in the form attached hereto as Exhibit I, in the maximum principal amount of \$1,125,000, issued by the City to the General Partner upon the issuance of the Certificate. The City Note shall bear interest at an annual rate which shall not accrue until the issuance of the Certificate based on the result of the following formula as determined by DCD: the rate paid on 10 year U.S. Treasury constant maturity as published in the daily Federal Reserve Statistical Release + 275 basis points. The actual interest rate on the City Note will be the observed median of the above calculation for the 15 business days prior to the issuance of the City Note.

"City Regulatory Agreement" means the Regulatory Agreement entered into on the date hereof by the Partnership and the City.

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

"Construction Contract" means that certain contract substantially in the form of Exhibit E, to be entered into among the Developer Parties and the General Contractor (as defined below) providing for construction of the TIF-Funded Improvements. The parties may agree that the Construction Contract may be provided after Closing Date.

"Construction Program" has the meaning defined in Section 10.03.

"Corporation Counsel" means the City's Office of Corporation Counsel.

"Developer Parties" means, collectively, the Partnership and the General Partner; **"Developer Party"** means either one of the Developer Parties.

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

"Environmental Laws" means any and all Federal, State or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33

U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago (as defined below), including but not limited to, Sections 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560.

"**Equity**" means funds of the Developer Parties (other than funds derived from Lender Financing (as defined below)) irrevocably available for the Project, in the amount set forth in Section 4.01, which amount may be increased under Section 4.06 (Cost Overruns).

"**Event of Default**" has the meaning defined in Section 15.01.

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

"**Existing Mortgages**" has the meaning defined in Section 16.01.

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

"**General Contractor**" means the general contractor(s) hired by the Developer Parties under Section 6.01.

"**Governmental Charge**" has the meaning defined in Section 8.18(a).

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

"**HUD**" shall mean the U.S. Department of Housing and Urban Development.

"**Human Rights Ordinance**" has the meaning defined in Section 10.01(a).

"**In Balance**" has the meaning defined in Section 5.16(g).

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

"**Indemnitee**" and "**Indemnitees**" have the respective meanings defined in Section 13.01.

"Lender Financing" means funds borrowed by the Partnership from lenders and available to pay for costs of the Project, in the amount set forth in Section 4.01 hereof.

"Midwest Redevelopment Area" has the meaning defined in the recitals.

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

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

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

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

"New Mortgage" has the meaning defined in Section 16.01.

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

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

"Permitted Liens" means those liens and encumbrances against the buildings in the Project and/or the Project stated in Exhibit G.

"Permitted Mortgage" has the meaning defined in Section 16.01.

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

"Prior Expenditure(s)" has the meaning defined in Section 4.05.

"Procurement Program" has the meaning defined in Section 10.03.

"Project" has the meaning defined in the recitals.

"Project Budget" means the budget stated in Exhibit C, showing the total cost of the Project by line item, as furnished by the Partnership to DCD, in accordance with Section 3.03.

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

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

letter, and (c) any such sale or assignment occurs after the issuance of the Certificate.

"Property" has the meaning defined in the recitals.

"Recorded Affordability Documents" means, collectively: the City Regulatory Agreement and that certain Declaration of Restrictive Covenants by and between the CHA and the Partnership dated as of the date hereof.

"Redevelopment Area" means the redevelopment project area as legally described in Exhibit A.

"Redevelopment Plan" has the meaning defined in the recitals.

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

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

"Site Plan" has the meaning defined in the recitals.

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

"State" means the State of Illinois as defined in the recitals.

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

"Term of the Agreement" means the period of time commencing on the Closing Date and ending on December 31, 2024, such date being the last day of the calendar year in which taxes levied in the year that is 23 years after the creation of the Redevelopment Area are paid.

"TIF Adoption Ordinance" has the meaning stated in the recitals.

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

"TIF Bond Ordinance" has the meaning stated in the recitals.

"TIF Bond Proceeds" has the meaning stated in the recitals.

"TIF Ordinances" has the meaning stated in the recitals.

"TIF-Funded Improvements" means those improvements of the Project which: (i)

qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement, and (iv) are stated in Exhibit D.

"Title Company" means Title Services, Inc.

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

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

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

SECTION THREE: THE PROJECT

3.01 **The Project.** Partnership will: (i) begin redevelopment construction no later than ninety days after the Closing Date, and (ii) complete redevelopment construction no later than the second (2nd) anniversary of the Closing Date, subject to the provisions of Section 18.16 (Force Majeure).

3.02 **Scope Drawings and Plans and Specifications.** The Partnership has delivered the Scope Drawings and Plans and Specifications to DCD and DCD has approved them. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications within the scope of Section 3.04 will be submitted to DCD as a Change Order under Section 3.04. The Scope Drawings and Plans and Specifications will at all times conform to the Redevelopment Plan as in effect on the date of this Agreement, and all applicable Federal, State and local laws, ordinances and regulations. The Partnership will submit all necessary documents to the City's Department of Buildings, Department of Transportation, and to such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 **Project Budget.** The Partnership has furnished to DCD, and DCD has approved, a Project Budget which is Exhibit C, showing total costs for the Project in an amount not less than \$39,248,910. The Partnership hereby certifies to the City that: (a) in addition to City Funds, the Lender Financing and/or Equity shall be sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. The Partnership will promptly deliver to DCD copies of any Change Orders with respect to the Project Budget as provided in Section 3.04.

3.04 **Change Orders.** Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Partnership to DCD concurrently with the progress reports described in **Section 3.07** hereof; provided, that any Change Order relating to any of the following must be submitted by the Partnership to DCD for DCD's prior written approval: (a) a change in the use of the Property to a use other than multi-family residential housing, including the affordable units described in **Section 8.19**; (b) a delay in the completion of the Project by more than 90 days; or (c) Change Orders costing more than \$50,000 each, to an aggregate amount of \$150,000. The Partnership shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Partnership of DCD's written approval (to the extent required in this section). The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Partnership. Notwithstanding anything to the contrary in this **Section 3.04**, Change Orders costing less than \$50,000 each, to an aggregate amount of \$150,000.00, do not require DCD's prior written approval as set forth in this **Section 3.04**, but DCD shall be notified in writing of all such Change Orders prior to the implementation thereof and the Partnership, in connection with such notice, shall identify to DCD the source of funding therefor.

3.05 **DCD Approval.** Any approval granted by DCD under this Agreement of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only, and any such approval does not affect or constitute any approval required by any other City department or under any City ordinance, code, regulation, or any other governmental approval, nor does any such approval by DCD under this Agreement constitute approval of the utility, quality, structural soundness, safety, habitability, or investment quality of the Project.

3.06 **Other Approvals.** Any DCD approval under this Agreement will have no effect upon, nor will it operate as a waiver of, the Developer Parties' obligations to comply with the provisions of **Section 5.03** (Other Governmental Approvals).

3.07 **Progress Reports and Survey Updates.** After the Closing Date, on or before the 15th day of each reporting month, the Developer Parties will provide DCD with written quarterly construction progress reports detailing the status of the Project, including a revised completion date, if necessary (with any delay in completion date being considered a Change Order, requiring DCD's written approval under **Section 3.04**). The Developer Parties must also deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of **Section 8.08** (Prevailing Wage), **Section 10.02** (City Resident Construction Worker Employment Requirement) and **Section 10.03** (the Developer Parties' MBE/WBE Commitment). If the reports reflect a shortfall in compliance with the requirements of **Sections 8.08, 10.02 and 10.03**, then there must also be included a written plan from the Developer Partners acceptable to DCD to address and cure such shortfall. At Project completion, upon the request of DCD, the Developer Parties will provide 3 copies of an updated Survey to DCD reflecting improvements made to the Property.

3.08 **Inspecting Agent or Architect.** The independent agent or architect (other than the Partnership's architect) selected by the lender providing Lender Financing will also act as the inspecting agent or architect for DCD for the Project, and any fees and expenses connected with

its work or incurred by such independent agent or architect will be solely for the Partnership's account and will be promptly paid by the Partnership. The inspecting agent or architect will perform periodic inspections with respect to the Project, providing written certifications with respect thereto to DCD, prior to requests for disbursements for costs related to the Project.

3.09 **Barricades.** The Partnership has installed a construction barricade of a type and appearance satisfactory to the City and which barricade was constructed in compliance with all applicable Federal, State or City laws, ordinances, rules and regulations. DCD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content, and design of all barricades (other than the name and logo of the Project) installed after the date of this Agreement.

3.10 **Signs and Public Relations.** The Partnership will erect in a conspicuous location on the Property during the Project a sign of commercially reasonable size and style, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and any other pertinent, non-confidential information regarding the Partnership and the Project in the City's promotional literature and communications.

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

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

3.13 **Accessibility for Disabled Persons.** The Partnership acknowledges that it is in the public interest to design, construct and maintain the Project in a manner that promotes, enables, and maximizes universal access throughout the Project. Plans for all buildings on the Property and related improvements have been reviewed and approved by the Mayor's Office for People with Disabilities ("MOPD") to ensure compliance with all applicable laws and regulations related to access for persons with disabilities and to promote the highest standard of accessibility.

SECTION FOUR: FINANCING

4.01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$39,248,910 to be applied in the manner stated in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to Sections 4.03(b) and 4.06)	
Tax Credit Equity	\$16,169,146
Lender Financing	
The Private Bank First Mortgage Loan	\$ 1,369,979
CHA HOPE VI Funds	\$ 14,372,002
CHA Stimulus Funding	\$ 6,212,783

issue to the General Partner the City Note with the following terms and conditions:

- (i) Principal. The principal balance for the City Note will be equal to the cost of TIF-Funded Improvements incurred by Developer Parties prior to the issuance date, up to a maximum amount of \$1,125,000. Such balance will be determined by the Certificate(s) of Expenditure issued by the City in the form of Exhibit I, upon Developer Parties providing satisfactory evidence of expenditures for TIF-Funded Improvements and compliance with the applicable requirements and terms and conditions of this Agreement. After issuance of the City Note, if the principal balance of the City Note is less than \$1,125,000, then the principal balance of the City Note will be increased when the City issues additional Certificate(s) of Expenditure in the form of Exhibit J, up to a maximum amount of \$1,125,000.
- (ii) Interest. The City Note shall bear interest at an annual rate which shall not accrue until the issuance of the Certificate based on the result of the following formula as determined by DCD: the rate paid on 10 year U.S. Treasury constant maturity as published in the daily Federal Reserve Statistical Release + 275 basis points. The actual interest rate on the City Note will be the observed median of the above calculation for the 15 business days prior to the issuance of the City Note.
- (iii) Term. The City Note will be issued as of the date of issuance of the Certificate and will have a term that expires on December 31, 2024.
- (iv) Payments of Principal and Interest.
 - (A) Interest on the City Note will begin to accrue at the date of issuance.
 - (B) Payments of principal and interest on the City Note shall commence are payable on April 1st of each year following the issuance of the Certificate until the earlier of the Maturity or until the City Note is paid in full.
 - (C) Except as may be otherwise provided in this Agreement, Available Incremental Taxes only will be used to pay the principal of and interest on the City Note and on unpaid interest, if any. In the ordinance authorizing the issuance of the City Note, the City established an account denominated the: "Rockwell Phase II-A Rental Project Account" within the Redevelopment Project Area Special Tax Allocation Fund. All Available Incremental Taxes will be deposited into the Rockwell Phase II-A Rental Project Account.
 - (D) Payments of principal and interest on the City Note will be made from Available Incremental Taxes deposited into the Rockwell Phase II-A Rental Project Account first to interest due under the City Note, next to scheduled principal payments on the City Note.
 - (E) After the principal and interest on the City Note have been paid in full and the City Note is canceled according to its terms, then the Rockwell Phase II-A Rental Project Account will be closed and all subsequent Available Incremental Taxes will be deposited by the City in the Redevelopment Project Area Special Tax Allocation Fund.
- (v) Insufficient Available Incremental Taxes. If the amount of Available Incremental Taxes pledged under this Agreement is insufficient to make any

scheduled payment on the City Note, then: (a) the City will not be in default under this Agreement or the City Note, and (b) due but unpaid scheduled payments (or portions thereof) on the City Note will be paid as provided in this Section 4.03 as promptly as funds become available for their payment. Interest will accrue on any principal or interest payments which are unpaid because of insufficient Available Incremental Taxes.

- (vi) Sale or Transfer of the City Note. After the issuance of the City Note, the City Note may be pledged in a Qualified Transfer of the City Note. Notwithstanding any such permitted pledge, the City shall have no obligation to make any payments with respect to the City Note except to the General Partner, and then subject to the conditions set forth in this Agreement, including but not limited to Section 18.14, and in the City Note.
- (vii) No Cessation of City Note Payments. Notwithstanding anything to the contrary contained in this Agreement, after a Qualified Transfer of the City Note in compliance with Section 4.03(c)(vi) above, if an Event of Default occurs, the City will, notwithstanding such Event of Default, continue to make payments with respect to the City Note.
- (viii) Other Incremental Taxes. Any Incremental Taxes that either (a) are not Available Incremental Taxes or (b) are not required to make payments under this Agreement (whether because all currently due payments have been made, because of the full repayment of the City Note, or otherwise) shall belong to the City and may be pledged or used for such purposes as the City deems necessary or appropriate.

4.05 Treatment of Prior Expenditures.

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

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

(c) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DCD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$25,000 or \$100,000 in the aggregate, may be made without the prior written consent of DCD.

4.06 **Cost Overruns.** If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available under Section 4.03, the Developer Parties will be solely responsible for such excess costs, and will hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and from any and all costs and expenses of completing the Project in excess of the Project Budget.

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

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

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

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

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

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

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

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

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

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

4.08 **TIF Bonds.** The Commissioner of DCD may, in his or her sole discretion, recommend that the City Council approve an ordinance or ordinances authorizing the issuance of TIF Bonds in an amount which, in the opinion of the City Comptroller, is marketable under the then current market conditions. The proceeds of TIF Bonds may be used to pay the outstanding principal and accrued interest (through the date of prepayment) under the City Note and for other purposes as the City may determine. The costs of issuance of the TIF Bonds would be borne solely by the City. The Developer Parties will cooperate with the City in the issuance of the TIF Bonds, as provided in Section 8.05.

SECTION FIVE: CONDITIONS PRECEDENT

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

5.01 **Project Budget.** The Developer Parties will have submitted to DCD, and DCD will have approved, a Project Budget in accordance with the provisions of Section 3.03.

5.02 **Scope Drawings and Plans and Specifications.** The Developer Parties will have submitted to DCD, and DCD will have approved, the Scope Drawings and Plans and Specifications as provided in Section 3.02.

5.03 **Other Governmental Approvals.** The Developer Parties will have secured or applied for all other necessary approvals and permits required by any Federal, State, or local statute, ordinance, rule or regulation to begin or continue construction of the Project, and will submit evidence thereof to DCD.

5.04 **Financing.**

(a) The Developer Parties will have furnished evidence acceptable to the City that the Developer Parties have Equity and Lender Financing, if any, at least in the amounts stated in Section 4.01 to complete the Project and satisfy their obligations under this Agreement. If a portion of such financing consists of Lender Financing, the Developer Parties will have furnished evidence as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer Parties as needed and are sufficient (along with the Equity and other financing sources, if any, stated in Section 4.01) to complete the Project.

(b) Prior to the Closing Date, the Partnership will deliver to DCD a copy of the construction escrow agreement entered into by the Partnership regarding the Partnership's Lender Financing, if any. The construction escrow agreement must provide that DCD will receive copies of all construction draw request materials submitted by the Partnership after the date of this Agreement.

(c) Any financing liens against the Property and Project in existence at the Closing

Date will be subordinated to certain encumbrances of the City stated in this Agreement under a subordination agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Partnership, in the Office of the Recorder of Deeds of Cook County.

(d) The City agrees that the Developer Parties may collaterally assign their respective interests in this Agreement to the CHA and thereafter to any of Developer Parties' collective or respective lenders if any such lenders require such collateral assignment.

5.05 **Acquisition and Title.** On the Closing Date, the Developer Parties will furnish the City with a copy of the Title Policy for the Property, showing the Partnership as the named insured. The Title Policy will be dated as of the Closing Date and will contain only those title exceptions listed as Permitted Liens on Exhibit G and will evidence the recording of this Agreement under the provisions of Section 8.17. The Title Policy will also contain the following endorsements as required by Corporation Counsel: an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access, and survey.

5.06 **Evidence of Clear Title.** Not less than 5 Business Days prior to the Closing Date, the Partnership, at its own expense, will have provided the City with current searches under the names of each of the entities comprising the Partnership as follows:

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

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

5.07 **Surveys.** The Developer Parties will have furnished the City with 3 copies of the Survey.

5.08 **Insurance.** The Partnership, at its own expense, will have insured the Property and the Project as required under Section 12. Prior to the Closing Date, certificates required under Section 12 evidencing the required coverages will have been delivered to DCD.

5.09 **Opinion of Developer Parties' Counsel.** On the Closing Date, the Developer Parties will furnish the City with an opinion of counsel, substantially in the form of Exhibit H, with such changes as may be required by or acceptable to Corporation Counsel. If any Developer Party has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions stated in Exhibit H, such opinions shall be obtained by the such Developer Party from its general corporate counsel.

5.10 **Evidence of Prior Expenditures.** The Developer Parties will have provided evidence satisfactory to DCD of the Prior Expenditures as provided in Section 4.05.

5.11 **Financial Statements.** The Developer Parties will have provided Financial Statements to DCD for their fiscal year 2009, and their most recently available unaudited interim Financial Statements.

5.12 **Additional Documentation.** The Partnership will have provided documentation to DCD, satisfactory in form and substance to DCD concerning the Partnership's employment profile and copies of any ground leases or operating leases and other tenant leases executed by the Partnership for leaseholds in the Project, if any.

5.13 **Environmental Audit.** The Partnership will have provided DCD with copies of all phase I environmental audits completed with respect to the Property, if any, and a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits. If environmental issues exist on the Property, the City will require written verification from the Illinois Environmental Protection Agency that all identified environmental issues have been or will be resolved to its satisfaction.

5.14 **Entity Documents.** The General Partner will provide a copy of the current Articles of Organization for the General Partner, with all amendments, containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state or organization and all other states in which the General Partner is qualified to do business; the current Operating Agreement for the General Partner; a secretary's certificate in such form and substance as the Corporation Counsel may require; and such organizational documentation as the City may request. The Partnership shall provide comparable organizational documentation.

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

5.16 **Preconditions of Accepting Certificates of Expenditure.** Prior to the acceptance by DCD of any Certificate of Expenditure under the City Note, the Developer Parties must submit to DCD documentation of such expenditures (in the form of waivers of lien, canceled checks, closing statements, or such other documentation as DCD may reasonably require), which will be satisfactory to DCD. Delivery by the Developer Parties to DCD of any Certificate of Expenditure hereunder will, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) the total amount of the disbursement request represents the actual amount payable to (or paid to) the General Contractor and/or subcontractors for work performed on the Project, and/or their payees;

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

(c) the Developer Parties have approved all work and materials for the current certificate

and, to the reasonable belief of the Developer Parties, such work and materials conform to the Plans and Specifications;

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

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

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

(g) the Project is In Balance. The Project will be deemed to be in balance (“**In Balance**”) only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. “**Available Project Funds**” as used herein means: (i) the undisbursed Lender Financing, if any; (ii) the undisbursed Equity; and (iii) any other amounts deposited by the Developer Parties under this Agreement. The Developer Parties agree that, if the particular phase of the Project is not In Balance, the Developer Parties will, within 10 days after a written request by the City, deposit either with the lender providing any of the Lender Financing or with the construction escrow agent, cash in an amount that will place the particular phase of the Project In Balance, which deposit shall first be exhausted upon the request of such lender before any further acceptance of a Certificate of Expenditure shall be made.

The City will not execute any Certificate of Expenditure for the City Note unless the Developer Parties have satisfied the City that the Developer Parties have complied, or is implementing a plan to comply, with the requirements of Sections 8.08, 10.02 and 10.03. The City will have the right, in its reasonable discretion, to require the Developer Parties to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any acceptance of a Certificate of Expenditure by the City will be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct. In addition, the Developer Parties will have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements not inconsistent with this Agreement and stated in the TIF Bond Ordinance, if any, the Bonds, if any, the TIF Bonds, if any, the TIF Ordinances, the City Note, and this Agreement.

SECTION SIX: AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors.

(a) DCD acknowledges that the Developer Parties have selected Burling Builders, Inc. or an Affiliate as the General Contractor for the Project. The Developer Parties will cause the General Contractor to solicit bids for work on the Project solely from qualified subcontractors eligible to do business with the City of Chicago.

(b) The Developer Parties must submit copies of the Construction Contract to DCD as required under Section 6.02 below. Upon the written request of the City, the Developer Parties will provide photocopies of all subcontracts entered or to be entered into in connection with the

Project within five (5) Business Days of the execution thereof. The Developer Parties must ensure that the General Contractor will not (and must cause the General Contractor to ensure that the subcontractors will not) begin work on the Project (or any phase thereof) until the applicable Plans and Specifications for that phase have been approved by the City and all requisite permits have been obtained.

6.02 **Construction Contract.** Prior to the execution thereof, the Developer Parties must deliver to DCD a copy of the proposed Construction Contract with the General Contractor selected to work on the Project, for DCD's prior written approval. Following execution of such contract by the Developer Parties, the General Contractor and any other parties thereto, the Partnership must deliver to DCD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 **Performance and Payment Bonds.** Prior to commencement of construction of work in the public way, if any, the Developer Parties will require that the General Contractor and any applicable subcontractor(s) be bonded (as to such work in the public way) for their respective payment and performance by sureties having an AA rating or better. The City will be named as obligee or co-obligee on such bond.

6.04 **Employment Opportunity.** The Developer Parties will contractually obligate and cause the General Contractor to agree and contractually obligate each subcontractor to agree to the provisions of Section 10; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and the City resident obligations in Section 10 shall be applied on an aggregate basis and the failure of the General Contractor to require each subcontractor to satisfy or the failure of any one subcontractor to satisfy, such obligation shall not result in a default or a termination of this Agreement or require payment of the City resident hiring shortfall amounts so long as such Section 10 obligations are satisfied on an aggregate basis.

6.05 **Other Provisions.** In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor must contain provisions required under Section 3.04 (Change Orders), Section 8.08 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Construction Worker Employment Requirement), Section 10.03 (the Partnership's MBE/WBE Commitment), Section 12 (Insurance) and Section 14.01 (Books and Records).

SECTION SEVEN: COMPLETION OF CONSTRUCTION

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

7.02 **Effect of Issuance of Certificate; Continuing Obligations.**

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

(b) Those covenants specifically described at Section 8.02 (Covenant to Redevelop), Section 8.18 (Real Estate Provisions), and Section 8.19 (Affordability Requirements) as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement. The other executory terms of this Agreement that remain after the issuance of the Certificate will be binding only upon the Developer Parties' or a permitted assignee of the Developer Parties who, as provided in Section 18.14 (Assignment) of this Agreement, has contracted to take an assignment of the Developer Parties' rights under this Agreement and assume the Developer Parties' liabilities hereunder.

7.03 **Failure to Complete.** If the Developer Parties fails to timely complete the Project in compliance with the terms of this Agreement, then the City will have, but will not be limited to, any of the following rights and remedies:

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

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

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

7.04 **Notice of Expiration of Term of Agreement.** Upon the expiration of the Term of the Agreement, DCD will provide the Developer Parties, at the Developer Parties' written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

**SECTION EIGHT: REPRESENTATIONS, WARRANTIES AND
COVENANTS OF DEVELOPER PARTIES.**

8.01 **General.** The Partnership and the General Partner each represent, warrant, and covenant, as of the date of this Agreement and as of the date of issuance of the City Note as follows:

(a) the General Partner is an Illinois limited liability company, duly organized, validly existing and in good standing;

(b) the General Partner's sole member is East Lake Management & Development Corp., an Illinois corporation;

(c) the General Partner has the right, power and authority to enter into, execute, deliver and perform this Agreement or has otherwise applied for permits and approvals required to complete the Project;

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

(e) the Partnership (i) is an Illinois limited partnership duly organized and validly existing in the State of Illinois, (ii) has the right, power and authority to enter into, execute, deliver and perform this Agreement, and (iii) has been duly authorized by all necessary limited partnership action to execute, deliver and perform its obligations under this Agreement, which execution, delivery and performance does not and will not violate its articles of limited partnership or partnership agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Partnership is now a party or by which it may become bound;

(f) the Partnership has acquired and will maintain good and merchantable leasehold title, or fee simple title, as the case may be, to the Property (and improvements) free and clear of all liens except for the Permitted Liens or Lender Financing, if any, as disclosed in the Project Budget;

(g) the Developer Parties are now, and until the earlier to occur of the expiration of the Term of the Agreement and the date, if any, on which the Developer Parties have no further economic interest in the Project, will remain solvent and able to pay their debts as they mature;

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

(i) the Developer Parties has or will acquire as necessary and will maintain all government permits, certificates and consents (including, without limitation, appropriate

environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(j) the Developer Parties are not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer Parties are a party or by which the Developer Parties or any of their assets is bound which would materially adversely effect its ability to comply with their obligations under this Agreement;

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

(l) prior to the issuance of the Certificate, if it would materially adversely affect the Developer Parties' ability to perform its obligations under this Agreement, the Developer Parties will not do any of the following without the prior written consent of DCD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose (directly or indirectly) of all or substantially all of its assets or any portion of the Property or the Project (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer Parties' business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer Parties' financial condition; provided, however, this section shall not apply to any commercial leases entered into in the ordinary course of business, it being acknowledged that the Developer Parties shall have the right to enter into commercial leases in the ordinary course of business for all or any portion of the Property on such terms as are determined by the Developer Parties;

(m) the Developer Parties have not incurred and, prior to the issuance of the Certificate, will not, without the prior written consent of the Commissioner of DCD, allow the existence of any liens against the Project other than the Permitted Liens; or incur any indebtedness secured or to be secured by the Project or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

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

(o) None of the Partnership, the General Partner, or any affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subsection only, "affiliate" means a person or entity that,

directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

8.02 Covenant to Redevelop. Upon DCD's approval of the Scope Drawings and Plans and Specifications, and the Project Budget as provided in Sections 3.02 and 3.03, and the Partnership's receipt of all required building permits and governmental approvals, the Developer Parties will redevelop the Property in compliance with this Agreement, the TIF Ordinances, the CHA Redevelopment Agreement, the Scope Drawings, the Plans and Specifications, the Project Budget and all amendments thereto, and all Federal, State and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project and/or the Developer Parties. Specifically, the Developer Parties shall:

- (a) construct the improvements constituting the Project in accordance with the recitals and Section 8.19;
- (b) fund the construction of the Project in accordance with Section 4.01;
- (c) cause its General Contractor (or, if such work is subcontracted or handled by a third party, such subcontractor or third party) to complete such work and provide such cooperation with the City and CHA as may be necessary to cover one or more NFRLs as may necessary or appropriate to cover the entire Property.

The covenants set forth in this Section 8.02 will run with the land and will be binding upon any transferee of the Property, or a portion thereof, unless terminated in whole or in part by the City, acting through DCD, pursuant to a written instrument executed pursuant to Section 7.02 and recorded against the Property, or any portion thereof.

8.03 Redevelopment Plan. The Developer Parties represent that the Project is and will be in compliance with all applicable terms of the Redevelopment Plan, as in effect on the date of this Agreement.

8.04 Use of City Funds. City Funds disbursed to the Developer Parties will be used by the Developer Parties solely to reimburse the Developer Parties for their payment for the TIF-Funded Improvements as provided in this Agreement.

8.05 Other Bonds. The Developer Parties shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any 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 (the "Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer Parties shall, at the Developer Parties' expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 **Employment Opportunity.**

(a) The Developer Parties covenant and agree to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and, as applicable, to cause the General Contractor to contractually obligate each subcontractor to abide by the terms set forth in Section 8.08 and Section 10; provided, however, that the contracting, hiring and testing requirements associated with the MBE/WBE and City resident obligations in Section 10 shall be applied on an aggregate basis and the failure of the General Contractor to require each subcontractor to satisfy, or the failure of any one subcontractor to satisfy, such obligations shall not result in a default or a termination of the Agreement or require payment of the City resident hiring shortfall amount so long as such Section 10 obligations are satisfied on an aggregate basis. the Developer Parties will submit to DCD a plan describing its compliance program prior to the Closing Date.

(b) The Developer Parties will deliver to the City written progress reports by draw, but not less than quarterly, detailing compliance with the requirements of Sections 8.08, 10.02 and 10.03 of this Agreement. If any such reports indicate a shortfall in compliance, Developer Parties will also deliver a plan to DCD which will outline, to DCD's satisfaction, the manner in which Developer Parties will correct any shortfall.

8.07 **Employment Profile.** The Developer Parties will submit, and contractually obligate and cause the General Contractor to submit and contractually obligate any subcontractor to submit, to DCD, from time to time, statements of its employment profile upon DCD's request.

8.08 **Prevailing Wage.** The Developer Parties covenant and agree to pay, and to contractually obligate and cause the General Contractor to pay and to contractually cause each subcontractor to pay, the prevailing wage rate as ascertained by the federal government pursuant to the Davis-Bacon Act, to all their respective employees working on constructing the Project or otherwise completing the TIF-Funded Improvements. All such contracts will list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If federal prevailing wage rates are revised, the revised rates will apply to all such contracts. Upon the City's request, the Developer Parties will provide the City with copies of all such contracts entered into by any Developer Party or the General Contractor to evidence compliance with this Section 8.08.

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

8.10 **No Conflict of Interest.** Under Section 5/11-74.4-4(n) of the Act, the Developer Parties represents, warrants and covenants that to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer Parties with respect thereto, (a "City Group Member") owns or controls, has owned or controlled or will own or control any interest, and no such City Group Member will

represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer Parties, the Property, the Project, or to the Developer Parties' actual knowledge, any other property in the Redevelopment Area.

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

8.12 **Financial Statements.** The Developer Parties will obtain and provide to DCD Financial Statements for Developer Parties' fiscal year ended 2009, and each yearly thereafter for the Term of the Agreement, one month prior to the annual payment of City Funds pursuant to the terms of the City Note. In addition, if requested by DCD, the Developer Parties will submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DCD may request.

8.13 **Insurance.** Solely at its own expense, the Partnership will comply with all provisions of Section 12 hereof.

8.14 **Non-Governmental Charges.**

(a) **Payment of Non-Governmental Charges.** Except for the Permitted Liens, and subject to subsection (b) below, the Developer Parties agree to pay or cause to be paid when due any Non-Governmental Charges assessed or imposed upon the Project, or any fixtures that are or may become attached thereto and which are owned by a Developer Party, which create, may create, or appear to create a lien upon all or any portion of the Project; provided however, that if such Non-Governmental Charges may be paid in installments, the Developer Parties may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer Parties will furnish to DCD, within thirty (30) days of DCD's request, official receipts from the appropriate entity, or other evidence satisfactory to DCD, evidencing payment of the Non-Governmental Charges in question.

(b) **Right to Contest.** The Developer Parties will have the right, before any delinquency occurs:

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

(ii) at DCD's sole option, to furnish a good and sufficient bond or other security satisfactory to DCD in such form and amounts as DCD will require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such transfer or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully

any such contested Non-Governmental Charges and all interest and penalties upon the adverse determination of such contest.

8.15 **Developer's Liabilities.** No Developer Party will enter into any transaction that would materially and adversely affect its ability to perform its obligations under this Agreement. Each Developer Party will immediately notify DCD of any and all events or actions which may materially affect such party's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements related to this Agreement or the Project.

8.16 **Compliance with Laws.** To the best of each Developer Party's knowledge, after diligent inquiry, the Property and the Project are in compliance with all applicable Federal, State and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Property and the Project. Upon the City's request, the Developer Parties will provide evidence satisfactory to the City of such current compliance.

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

8.18 **Real Estate Provisions.**

(a) **Governmental Charges.**

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

(ii) **Right to Contest.** The Developer Parties have the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or transfer or forfeiture of the Property. No such contest or objection will be deemed or construed in any way as relieving, modifying or extending the Developer Parties' covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Partnership has given prior written notice to DCD of a Developer Party's intent to contest or object to a Governmental Charge and, unless, at DCD's sole option:

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

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

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

(c) Notification to the Cook County Assessor of Change in Use and Ownership. Prior to the Closing Date, the Partnership shall complete a letter of notification, in accordance with 35 ILCS 200/15-20, notifying the Cook County Assessor that there has been a change in use and ownership of the Property. On the Closing Date, the Partnership shall pay to the Title Company the cost of sending the notification to the Cook County Assessor via certified mail, return receipt requested. After delivery of the notification, the Partnership shall forward a copy of the return receipt to DCD, with a copy to the City's Corporation Counsel's office.

8.19 Affordability Requirements. The Developer Parties agree and covenant to the City that the provisions of the Recorded Affordability Documents shall govern the terms of the Developer Parties' obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

- (a) The Project shall be operated and maintained solely as residential rental housing;
- (b) Ninety-Eight (98) of the units in the Project shall be available for occupancy to and be occupied solely by one or more families qualifying as Low Income Families (as defined below) upon initial occupancy; and

(c) Ninety-Eight (98) of the units in the Project have monthly rents not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income.

(d) As used in this Section, the following terms has the following meanings:

(i) "Family" shall mean one or more individuals, whether or not related by blood or marriage; and

(ii) "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

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

8.20 Job Readiness Program. If requested by the City, the Partnership will use its best efforts to encourage its tenants at the Project to participate in job readiness programs established by the City to help prepare individuals to work for businesses located within the Redevelopment Area.

8.21 Broker's Fees. The Partnership has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to any of the transactions contemplated by this Agreement for which the City could become liable or obligated.

8.22 No Business Relationship with City Elected Officials. The Partnership acknowledges receipt of a copy of Section 2-156-030(b) of the Municipal Code and that the Partnership has read and understands such provision. Under Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080(b)(2) of the Municipal Code), or to participate in any discussion of any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to this Agreement, or in connection with the transactions contemplated thereby, will be grounds for termination of this Agreement and the transactions contemplated thereby. The Partnership hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to this Agreement or the transactions contemplated thereby.

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

SECTION NINE: REPRESENTATIONS, WARRANTIES AND COVENANTS OF CITY

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

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

SECTION TEN: DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

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

(b) To the greatest extent feasible, each Employer is required to present opportunities

for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

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

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

(e) Each Employer will include the foregoing provisions of subparagraphs (a) through (d) in every construction contract entered into in connection with the Project (other than for remediation and demolition entered into prior to the date of this Agreement), and will require inclusion of these provisions in every subcontract entered into by any subcontractors and every agreement with any Affiliate operating on the Property, so that each such provision will be binding upon each contractor, subcontractor or Affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this Section 10.01 will be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof, subject to the cure rights under Section 15.03.

10.02 City Resident Construction Worker Employment Requirement.

(a) The Developer Parties agrees for themselves and their successors and assigns, and will contractually obligate its General Contractor and will cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they will comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project will be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer Parties, its General Contractor and each subcontractor will be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions. The Developer Parties, the General Contractor and each subcontractor will use their respective best efforts to exceed the minimum percentage of hours stated above, and to employ neighborhood residents in connection with the Project.

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

(c) "**Actual residents of the City**" means persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

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

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

(f) Upon 2 Business Days prior written notice, the Developer Parties, the General Contractor and each subcontractor will provide full access to their employment records related to the Construction of the Project to the Chief Procurement Officer, the Commissioner of DCD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer Parties, the General Contractor and each subcontractor will maintain all relevant personnel data and records related to the Construction of the Project for a period of at least 3 years after final acceptance of the work constituting the Project.

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

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

(i) When work at the Project is completed, in the event that the City has determined that the Developer Parties have failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual residents of the City or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent (0.0005) of the aggregate hard construction costs set forth in the Project Budget undertaken by the Developer Parties (and specifically excluding any tenant improvements which are not undertaken by the Developer Parties) (the product of .0005 x such aggregate hard construction costs) (as the same will be evidenced by approved contract value for the actual contracts) will be surrendered by the Developer Parties to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly will result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer Parties, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer Parties pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer Parties must surrender damages as provided in this paragraph.

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

(k) The Developer Parties will cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project (other than contracts for remediation and demolition entered into prior to the date of this Agreement).

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

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

- (1) At least 24 percent by MBEs.
- (2) At least four percent by WBEs.

(b) For purposes of this Section 10.03 only:

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

(ii) The term "minority-owned business" or "MBE" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a minority-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

(iii) The term "women-owned business" or "WBE" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer Parties' MBE/WBE commitment may be achieved in part by the Developer Parties'

status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer Parties) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer Parties utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer Parties' MBE/WBE commitment as described in this Section 10.03. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer Parties shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DCD.

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

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

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

(g) Prior to the commencement of the Project, the Developer Parties shall be required to meet with the City's monitoring staff with regard to the Developer Parties' compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer Parties shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer Parties shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll

agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer Parties are not complying with its obligations under this Section 10.03, shall, upon the delivery of written notice to the Developer Parties, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer Parties to halt the Project, (2) withhold any further payment of any City Funds to the Developer Parties or the General Contractor, or (3) seek any other remedies against the Developer Parties available at law or in equity.

SECTION ELEVEN: ENVIRONMENTAL MATTERS

11.01 **Environmental Matters.** The Partnership hereby represents and warrants to the City that the Partnership has conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws (taking into account the anticipated issuance and applicability of any NFRLs issued with respect to the Property), this Agreement and all Exhibits, the Scope Drawings, the Plans and Specifications and all amendments thereto, the TIF Bond Ordinance, if any, and the Redevelopment Plan.

Without limiting any other provisions hereof, the Partnership agrees to indemnify, defend and hold the City (except with respect to Existing Materials and any gross negligence or wanton or willful misconduct by the City) harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the Partnership: (i) the presence of any Hazardous Materials on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Materials from all or any portion of the Property, or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Partnership or any of its Affiliates under any Environmental Laws relating to the Property.

This Section shall not be construed to require the Partnership to assume any of the obligations of the CHA with respect to remediation work required to be performed by the CHA, and the Partnership may exercise such rights and remedies it may have to enforce the CHA's performance of the work, provided, however, that this sentence shall not be construed to limit the Partnership's indemnification obligations hereunder.

SECTION TWELVE: INSURANCE

12.01 **Insurance.** Partnership will provide and maintain, or cause to be provided and maintained, at Partnership's own expense, during the Term of this Agreement, the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement and Throughout the Period of the Partnership's Ownership

(i) Workers' Compensation and Employers Liability Insurance

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

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

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

(iii) All Risk Property Insurance

All Risk Property Insurance in the amount of the full replacement value of the buildings in the Project. The City is to be named as an additional insured.

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

(i) Workers Compensation and Employers Liability Insurance

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

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

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

(iii) Automobile Liability Insurance (Primary and Umbrella)

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

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or rail transit property or within 50 feet of railroad or rail transit property, contractor must provide, or cause to be provided with respect to the operations that the contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) All Risk Builders Risk Insurance

When the contractor undertakes any construction, including improvements, betterments, and/or repairs, the Partnership must cause each contractor to provide, or cause to be provided All Risk Blanket Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the Project. Coverages shall include but are not limited to the following: collapse, boiler and machinery if applicable, flood including surface water backup. The City will be named as an additional insured and loss payee.

(vi) Professional Liability

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

(vii) Valuable Papers Insurance

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement by the Partnership's architects, contractors, sub-contractors, project managers and other parties constructing the Project, the Partnership will cause such parties to maintain Valuable Papers Insurance which must be maintained in an amount to insure against any loss whatsoever, and which must have limits

sufficient to pay for the re-creations and reconstruction of such records.

(viii) Contractor's Pollution Liability

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

(c) After Completion of Construction

- (i) All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if applicable. The City of Chicago shall be named as an additional insured and loss payee.
- (ii) Commercial General Liability insurance as described above in subparagraph (b)(ii). The City of Chicago shall be named an additional insured on a primary, non-contributory basis.

(d) Other Requirements

- (i) Partnership will furnish the City of Chicago, Department of Community Development, City Hall, Room 1000, 121 North LaSalle Street, Chicago, Illinois 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the Term of this Agreement. Partnership will submit evidence of insurance on the City Insurance Certificate Form or commercial equivalent prior to the Closing Date. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from the Partnership must not be deemed to be a waiver by the City. The Partnership will advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance will not relieve the Partnership of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.
- (ii) The insurance will provide for 60 days prior written notice to be given to

the City in the event coverage is substantially changed, canceled, or non-renewed.

- (iii) Any and all deductibles or self insured retentions on referenced insurance coverages are borne by the Partnership.
- (iv) Partnership agrees that insurers must waive rights of subrogation against the City, its employees, elected officials, agents, or representatives.
- (v) Partnership expressly understands and agrees that any coverages and limits furnished by the Partnership will in no way limit the Partnership's liabilities and responsibilities specified within the Agreement documents or by law.
- (vi) Partnership expressly understands and agrees that the Partnership's insurance is primary and any insurance or self insurance programs maintained by the City will not contribute with insurance provided by the Partnership under the Agreement.
- (vii) The required insurance will not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.
- (viii) The Developer Parties will require their general contractor and all subcontractors to provide the insurance required herein or the Developer Parties may provide the coverages for the contractor or subcontractors. All contractors and subcontractors will be subject to the same requirements of the Partnership unless otherwise specified herein.
- (ix) If the Developer Parties, contractor or subcontractor desires additional coverages, the Developer Parties, contractor and each subcontractor will be responsible for the acquisition and cost of such additional protection.
- (x) The City Risk Management Department maintains the right to modify, delete, alter or change these requirements, so long as such action does not, without the Developer Parties' written consent, increase such requirements.

SECTION THIRTEEN: INDEMNIFICATION

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

- (i) Such Developer Party's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or
- (ii) Such Developer Party's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project feature or improvement; or
- (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the such Developer Party or any Affiliate or any of their respective agents, employees, contractors or persons acting under the control or at the request of the such Developer Party or any Affiliate; or
- (iv) a Developer Party's failure to cure any misrepresentation in this Agreement or any other document or agreement relating hereto; or
- (v) any act or omission by the such Developer Party or any Affiliate.

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

SECTION FOURTEEN: MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 **Books and Records.** Developer Parties will keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual costs of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Partnership's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, will be available at the Partnership's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Partnership's expense. No Developer Party will pay for salaries or fringe benefits of auditors or examiners. The Developer Parties must incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by a Developer Party with respect to the Project.

14.02 **Inspection Rights.** Upon 3 Business Days notice, any authorized representative of the City will have access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION FIFTEEN: DEFAULT AND REMEDIES

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

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

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

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

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

(e) the commencement of any proceedings in bankruptcy by or against a Developer Party or for the liquidation or reorganization of a Developer Party, or alleging that a Developer Party is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of a Developer Party's debts, whether under the United States Bankruptcy Code or under any other state or Federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving a Developer

Party; provided, however, that if such commencement of proceedings is involuntary, such action will not constitute an Event of Default unless such proceedings are not dismissed within 60 days after the commencement of such proceedings;

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

(g) the entry of any judgment or order against a Developer Party for an amount in excess of \$1.0 million which remains unsatisfied or undischarged and in effect for 60 days after such entry without a stay of enforcement or execution;

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

(i) the dissolution of the Partnership or the General Partner; or

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

For purposes of Section 15.01(j) hereof, a natural person with a material interest in a Developer Party is one owning in excess of thirty-three percent (33%) of the such Developer Party's or such party's ultimate parent entity's issued and outstanding ownership shares or interest. Notwithstanding anything to the contrary contained herein, City hereby agrees that any cure of any default made or tendered by one or more of the Partnership's limited partners shall be deemed to be a cure by the Developer Parties and shall be accepted or rejected on the same basis as if made or tendered by Developer Parties.

15.02 **Remedies.** Upon the occurrence of an Event of Default, the City may terminate this Agreement and any other agreements to which the City and the Developer Parties are or shall be parties and/or suspend disbursement of City Funds, except as otherwise provided in Section 4.03(c)(vii). 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. To the extent permitted by law, the City may also lien the Property. Without limiting the generality of the foregoing, with respect to Events of Defaults by a Developer Party prior to the issuance of a Certificate, the City shall be entitled to seek reimbursement of City Funds from the Developer Parties.

15.03 Curative Period.

(a) In the event a Developer Party fails to perform a monetary covenant which it is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default will not be deemed to have occurred unless the applicable party has failed to perform such monetary covenant within 10 days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant.

(b) In the event a Developer Party fails to perform a non-monetary covenant which it is required to perform under this Agreement, an Event of Default will not be deemed to have occurred unless the such Developer Party (or the non-defaulting Developer Party) has failed to cure such default within 30 days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such 30 day period, the applicable party will not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such 30 day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

SECTION SIXTEEN: MORTGAGING OF THE PROJECT

16.01 Mortgaging of the Project. All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the “**Existing Mortgages.**” Any mortgage or deed of trust that the Developer may hereafter elect to record or permit to be recorded against the Property or any portion thereof without obtaining the prior written consent of the City is referred to herein as a “**New Mortgage.**” Any mortgage or deed of trust that a Developer Party may hereafter elect to record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a “**Permitted Mortgage.**” It is hereby agreed by and between the City and the Developer as follows:

(a) If a mortgagee or any other party shall succeed to a Developer Party's interest in the Property or any portion thereof by the exercise of remedies under a mortgage or deed of trust (other than an Existing Mortgage or a Permitted Mortgage) whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of such Developer Party's interest hereunder in accordance with Section 18.14 hereof, the City may, but will not be obligated to, attorn to and recognize such party as the successor in interest to such Developer Party for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party will be entitled to no rights or benefits under this Agreement, but such party will be bound by those provisions of this Agreement that are covenants expressly running with the land specified in Section 7.02.

(b) If any mortgagee or any other party shall succeed to a Developer Party's interest in the Property or any portion thereof by the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of a Developer Party's interest hereunder in accordance with Section 18.14 hereof, then the City hereby agrees to attorn to and recognize such party as the successor in interest to such Developer Party for all purposes under this Agreement so long as such party accepts all of the executory obligations and liabilities of a "Developer Party" hereunder. Notwithstanding any other provision of this Agreement to the contrary, it is

understood and agreed that if such party accepts an assignment of a Developer Party's interest under this Agreement, such party will have no liability under this Agreement for any Event of Default of such Developer Party which occurred prior to the time such party succeeded to the interest of such Developer Party under this Agreement, in which case such Developer Party will be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of such Developer Party's interest hereunder, such party will be entitled to no rights and benefits under this Agreement, and such party will be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land specified in Section 7.02.

(c) Prior to the issuance by the City to the Developer Parties of a Certificate under Section 7 hereof, no New Mortgage will be executed with respect to the Property or the Project or any portion thereof without the prior written consent of the Commissioner of DCD. A feature of such consent will be that any New Mortgage will subordinate its mortgage lien to the covenants in favor of the City that run with the land. After the issuance of a Certificate, consent of the Commissioner of DCD is not required for any such New Mortgage.

SECTION SEVENTEEN: NOTICES

17.01 Notices. All notices and any other communications under this Agreement will: (A) be in writing; (B) be sent by: (i) delivered by hand, (ii) delivered by an overnight courier service which maintains records confirming the receipt of documents by the receiving party, or (iii) registered or certified U.S. Mail, return receipt requested; (C) be given at the following respective addresses:

If to the City:	City of Chicago Department of Community Development Attn: Commissioner 121 North LaSalle Street, Room 1000 Chicago, IL 60602
With Copies To:	City of Chicago Corporation Counsel Attn: Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602
If to a Developer Party:	East Lake/West End LLC c/o East Lake Management & Development Corp. Attn: Mr. Elzie Higginbottom 2850 South Michigan Avenue Chicago, IL 60616
With Copies To:	Law Offices of Rolando R. Acosta, LLC Attn: Rolando R. Acosta, Esq. 6336 N. Cicero Ave. Suite 202 Chicago, IL 60646

And to: Alliant Asset Management Company, LLC
21600 Oxnard Street, Suite 1200
Woodland Hills, California 91367

And to: Chicago Housing Authority
60 East Van Buren
Chicago, Illinois 60605
Attn: Chief Executive Officer

And to: Chicago Housing Authority
Office of the General Counsel
60 East Van Buren, 12th Floor
Chicago, Illinois 60605
Attn: General Counsel

or at such other address or telecopier/fax number or to the attention of such other person as the party to whom such information pertains may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address" and, (D) be effective or deemed delivered or furnished, if given by hand delivery or overnight courier service, when left at the address of the addressee, properly addressed as provided above.

17.02 **Developer Requests for City or DCD Approval.** Any request under this Agreement for City or DCD approval submitted by a Developer Party will comply with the following requirements:

- (a) be in writing and otherwise comply with the requirements of Section 17.01 (Notices);
- (b) expressly state the particular document and section thereof relied on by a Developer Party to request City or DCD approval;
- (c) if applicable, note in bold type that failure to respond to such Developer Party's request for approval by a certain date will result in the requested approval being deemed to have been given by the City or DCD;
- (d) if applicable, state the outside date for the City's or DCD's response; and
- (e) be supplemented by a delivery receipt or time/date stamped notice or other documentary evidence showing the date of delivery of such Developer Party's request.

SECTION EIGHTEEN: ADDITIONAL PROVISIONS

18.01 **Amendments.** Except as provided in this Section 18.01, and except for changes or amendments that are otherwise expressly identified as being in the discretion of the Commissioner, this Agreement and the Schedules and Exhibits attached hereto may not be modified or amended except by an agreement in writing signed by the parties. In addition to consents and discretion expressly identified herein, the Commissioner, in his sole discretion, may amend or otherwise revise: (a) any exhibits containing legal descriptions in order to correct a surveyor's, scrivener's or clerical error in such a legal description, provided that such correction does not have a material effect on any portion of the Project; and (b) Exhibit G to correct inadvertent omissions or permit other minor title encumbrances not in the nature of a lien. The City in its sole discretion, may amend, modify or supplement the Redevelopment Plan. For purposes of this Agreement, the Developer Parties are only obligated to comply with the Redevelopment Plan as in effect on the date of this Agreement.

18.02 **Complete Agreement, Construction, Modification.** This Agreement, including any exhibits and the other agreements, documents and instruments referred to herein or contemplated hereby, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous negotiations, commitments and writings with respect to such subject matter.

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

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

18.05 **Waivers.** No party hereto will be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by such party. No delay or omission on the part of a party in exercising any right will operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement will not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, will constitute a waiver of any of such parties' rights or of any obligations of any other party hereto as to any future transactions.

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

18.07 **Parties in Interest/No Third Party Beneficiaries.** The terms and provisions of this Agreement are binding upon and inure to the benefit of, and are enforceable by, the respective successors and permitted assigns of the parties hereto. This Agreement will not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and

its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right. Nothing contained in this Agreement, nor any act of the City or the Developer Parties, will 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 or the Developer Parties.

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

18.09 **Counterparts.** This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts shall be deemed an original, must be construed together and will constitute one and the same instrument.

18.10 **Severability.** If any provision of this Agreement, or the application thereof, to any person, place or circumstance, is held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances will remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms will provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth herein. In such event, the parties will negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly affects the parties' intent in entering into this Agreement.

18.11 **Conflict.** In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances in effect as of the date of this Agreement, such ordinance(s) will prevail and control.

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

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

18.14 **Assignment.** Prior to the issuance by the City to the Developer Parties of the Certificate, the Developer Parties may not sell, assign or otherwise transfer their respective interest in this Agreement or the City Note in whole or in part without the written consent of the City; provided, however, that the Developer Parties may collaterally assign their respective interests in this Agreement to any of its lenders identified to the City as of the Closing Date if any such lenders require such collateral assignment. Any successor in interest to the Developer Parties under this Agreement will certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Section 8.23 (Survival of Covenants) hereof, for the Term of the Agreement. The Developer Parties hereby consent to the City's transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.15 **Binding Effect.** This Agreement is binding upon the Developer Parties, the City and their respective successors and permitted assigns (as provided herein) and will inure to the

benefit of the Developer Parties, the City and their respective successors and permitted assigns (as provided herein).

18.16 **Force Majeure.** Neither the City nor the Developer Parties nor any successor in interest to either of them will be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, war, terrorism, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation; severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. Such force majeure events shall also include the City's failure to complete the public improvements within the Property which, at the Closing Date, the City has agreed to undertake within a construction schedule mutually acceptable to the City, and the CHA's failure to complete any environmental remediation work that is the CHA's responsibility under applicable agreements between the CHA and the Developer Parties, if applicable. The individual or entity relying on this section with respect to any such delay will, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.17 **Exhibits and Schedules.** All of the exhibits and schedules attached hereto are incorporated herein by reference. Any exhibits and schedules to this Agreement will be construed to be an integral part of this Agreement to the same extent as if the same has been set forth verbatim herein.

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

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

18.20 **Construction of Words.** The use of the singular form of any word herein includes the plural, and vice versa. Masculine, feminine and neuter pronouns are fully interchangeable, where the context so requires. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section, Section or other subdivision. The term "include" (in all its forms) means "include,

without limitation” unless the context clearly states otherwise. The word “shall” means “has a duty to.”

18.21 **Date of Performance.** If any date for performance under this Agreement falls on a Saturday, Sunday or other day which is a holiday under Federal law or under State law, the date for such performance will be the next succeeding Business Day.

18.22 **Survival of Agreements.** Except as otherwise contemplated by this Agreement, all covenants and agreements of the parties contained in this Agreement will survive the consummation of the transactions contemplated hereby.

18.23 **Equitable Relief.** In addition to any other available remedy provided for hereunder, at law or in equity, to the extent that a party fails to comply with the terms of this Agreement, any of the other parties hereto shall be entitled to injunctive relief with respect thereto, without the necessity of posting a bond or other security, the damages for such breach hereby being acknowledged as unascertainable.

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

18.25 **Costs and Expenses.** In addition to and not in limitation of the other provisions of this Agreement, the Developer Parties agree to pay upon demand the City’s out-of-pocket expenses, including attorneys’ fees, incurred in connection with the enforcement of the provisions of this Agreement but only if the City is determined to be the prevailing party in an action for enforcement. This includes, subject to any limits under applicable law, reasonable attorneys’ fees and legal expenses, whether or not there is a lawsuit, including reasonable attorneys’ fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. The Developer Parties also will pay any court costs, in addition to all other sums provided by law.

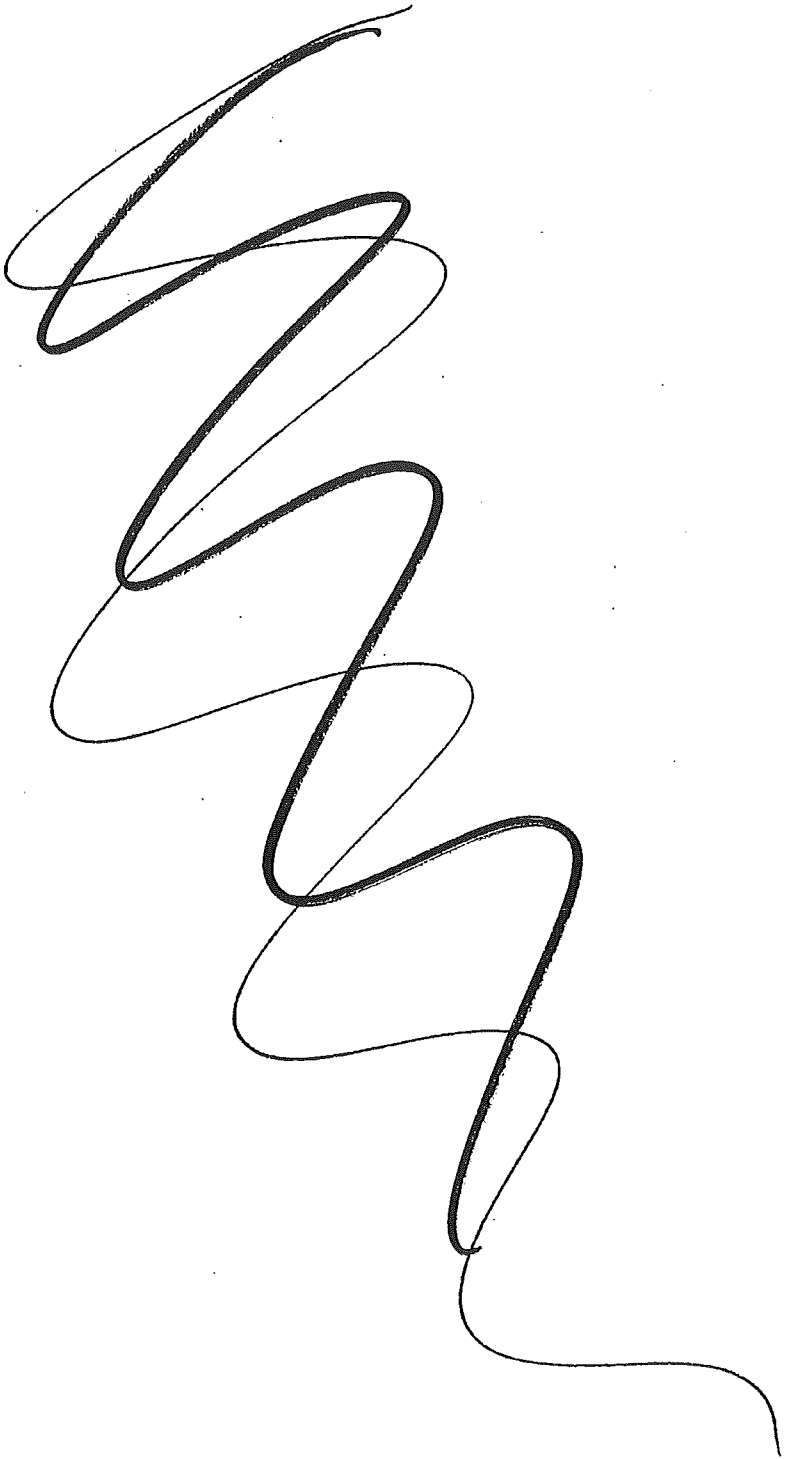
18.26 **Debarment Certification.** Failure by the Partnership, the General Partner or any controlling person of either, as defined in Section 1-23-010 of the Municipal Code, thereof to maintain eligibility to do business with the City as required by Section 1-23-030 of the Municipal Code shall be grounds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

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

It is the duty of the Partnership, the General Partner, any subgrantee, bidder, proposer, contractor, subcontractor, and every applicant for certification of eligibility for a City contract or

program, and all officers, directors, agents, partners, and employees of the Partnership, the General Partner, any such subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Legislative Inspector General in any investigation undertaken pursuant to Chapter 2-55 of the Municipal Code. The Partnership and the General Partner represent that they understand and will abide by all provisions of Chapter 2-55 of the Municipal Code and that the Partnership and the General Partner will inform subcontractors of this provision and require their compliance.

[The remainder of this page is intentionally left blank and the signature page follows]



IN WITNESS WHEREOF, the parties hereto have caused this West End/Rockwell Phase II-A Rental Project Redevelopment Agreement to be signed on or as of the day and year first above written.

EAST LAKE/WEST END II, LP,
an Illinois limited partnership

By: East Lake/West End, LLC,
an Illinois limited liability company
Its General Partner

By: East Lake Management &
Development Corp., an Illinois corporation
Its Sole Member

By: _____
Elzie L. Higginbottom
Its President

EAST LAKE/WEST END, LLC,
an Illinois limited liability company

By: East Lake Management & Development
Corp., an Illinois corporation
Its Sole Member

By: _____
Elzie Higginbottom
Its President

CITY OF CHICAGO

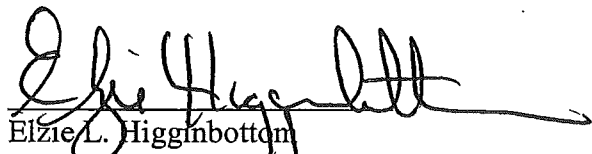
By: Christine Raguso
Christine Raguso
Acting Commissioner
Department of Community Development

IN WITNESS WHEREOF, the parties hereto have caused this West End/Rockwell Phase II-A Rental Project Redevelopment Agreement to be signed on or as of the day and year first above written.

EAST LAKE/WEST END II, LP,
an Illinois limited partnership

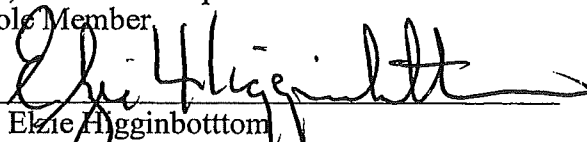
By: East Lake/West End, LLC,
an Illinois limited liability company
Its General Partner

By: East Lake Management &
Development Corp., an Illinois corporation
Its Sole Member

By: 
Elzie L. Higginbottom
Its President

EAST LAKE/WEST END, LLC,
an Illinois limited liability company

By: East Lake Management & Development
Corp., an Illinois corporation
Its Sole Member

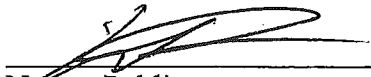
By: 
Elzie Higginbottom
Its President

CITY OF CHICAGO

By: _____
Christine Raguso
Acting Commissioner
Department of Community Development

STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

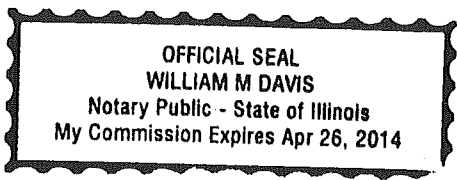
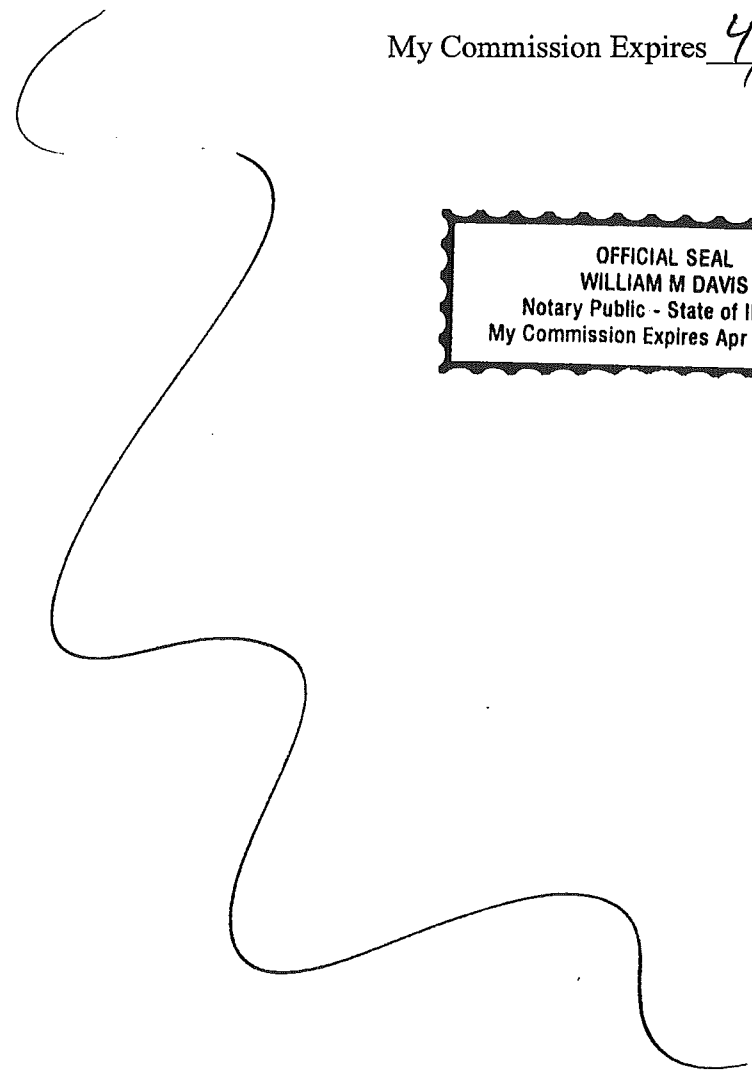
I, the undersigned, a Notary Public in and for the said County and State aforesaid, DO HEREBY CERTIFY that Elzie Higginbottom, as the President of East Lake Management & Development Corp., an Illinois corporation, as sole member of East Lake/West End LLC, an Illinois limited liability company, as general partner of East Lake/West End II, LP, an Illinois limited partnership, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such general partner he signed, sealed and delivered the said instrument pursuant to authority given by the Partnership Agreement of East Lake/West End II, LP as his free and voluntary act, and as the free and voluntary act of the Mortgagor, for the uses and purposes therein set forth. Given under my hand and official seal this 13 day of August, 2010.



Notary Public

My Commission Expires 4/26/14


(SEAL)



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Elzie Higginbotttom, personally known to me to be the President of the East Lake Management & Development Corp., and Illinois corporation and the sole member of East Lake/West End, LLC, an Illinois limited liability company (the "General Partner"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him by the General Partner, as her/his free and voluntary act and as the free and voluntary act of the General Partner, for the uses and purposes therein set forth.

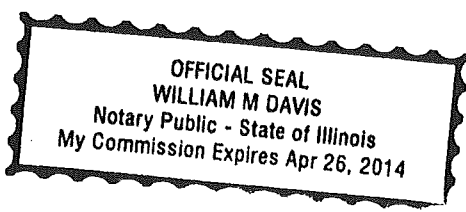
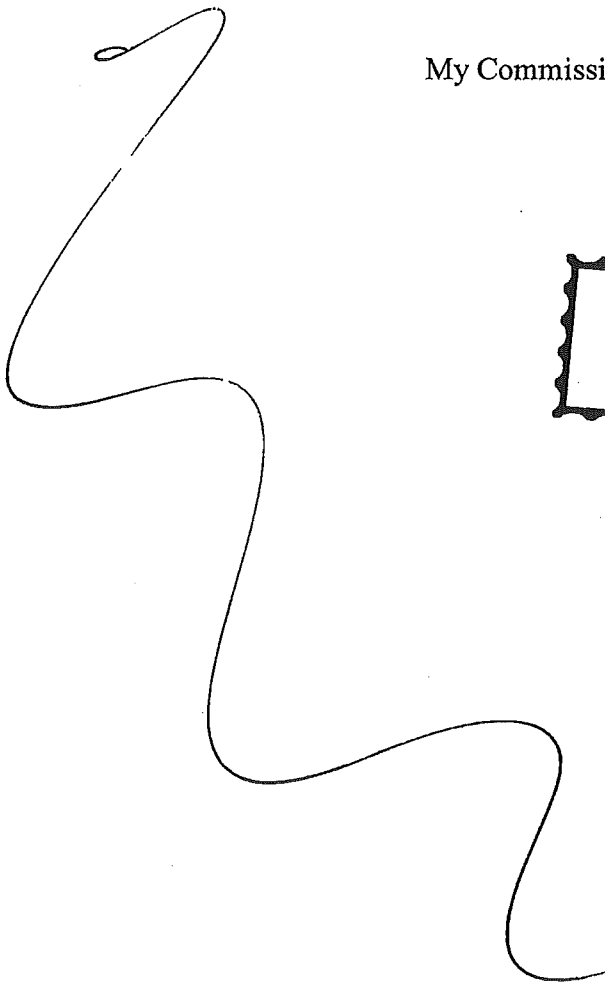
GIVEN under my hand and official seal this 13 day of August, 2010.



Notary Public

My Commission Expires 4/26/14

(SEAL)



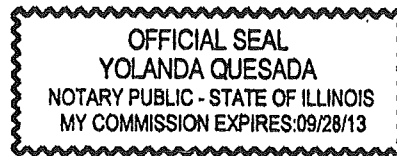
STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

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

GIVEN under my hand and official seal this 26th day of August, 2010.

Yolanda Quesada
Notary Public

My Commission Expires 9.28.2013



[A large, stylized, wavy signature scribble is present on the left side of the page.]

**WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

LIST OF EXHIBITS

Exhibit A	Legal Description of the Redevelopment Area
Exhibit B	*Legal Description of the Property
Exhibit C	Project Budget
Exhibit D	*TIF-Funded Improvements
Exhibit E	Construction Contract
Exhibit F	Approved Prior Expenditures
Exhibit G	Permitted Liens
Exhibit H	Opinion of Counsel for the Developer
Exhibit I	Form of City Note and related Certificate of Expenditure

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

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and curves, positioned in the lower right quadrant of the page.

**WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

[NOT ATTACHED FOR RECORDATION]



EXHIBIT B

PARCEL 1:

THE LEASEHOLD ESTATE CREATED BY THE INSTRUMENT HEREINAFTER REFERRED TO AS THE GROUND LEASE, EXECUTED BY THE CHICAGO HOUSING AUTHORITY, AS LANDLORD AND EAST LAKE/WEST END II, LP, AN ILLINOIS LIMITED PARTNERSHIP, AS INITIAL TENANT, DATED AUGUST 11, 2010 WHICH LEASE COMMENCES AUGUST 11, 2010 AND TERMINATES AUGUST 10, 2109, AND RECORDED AUGUST 26, 2010 IN THE OFFICE OF THE RECORDER OF DEEDS IN COOK COUNTY, ILLINOIS, AS DOCUMENT NUMBER 1023818077 WHICH LEASE DEMISES THE PROPERTY HEREINAFTER DESCRIBED TO WIT:

LOTS 1, 2, 7, 13, 14, 15, 18, 19, 20, 22, 23, 24, 26, 27, 31, 32, 37, 41, 42, 44, 45 AND 46 IN SECOND EEE SUBDIVISION, BEING A RESUBDIVISION AND CONSOLIDATION OF PARTS OF BLOCKS 6, 7 AND 8, AND PARTS OF VACATED STREETS AND ALLEYS LYING WITHIN SAID BLOCKS, ALL IN ROCKWELL'S ADDITION TO CHICAGO, BEING IN THE NORTHEAST QUARTER OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN AND IN THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 18, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 9, 2010 AS DOCUMENT NUMBER 1022118034.

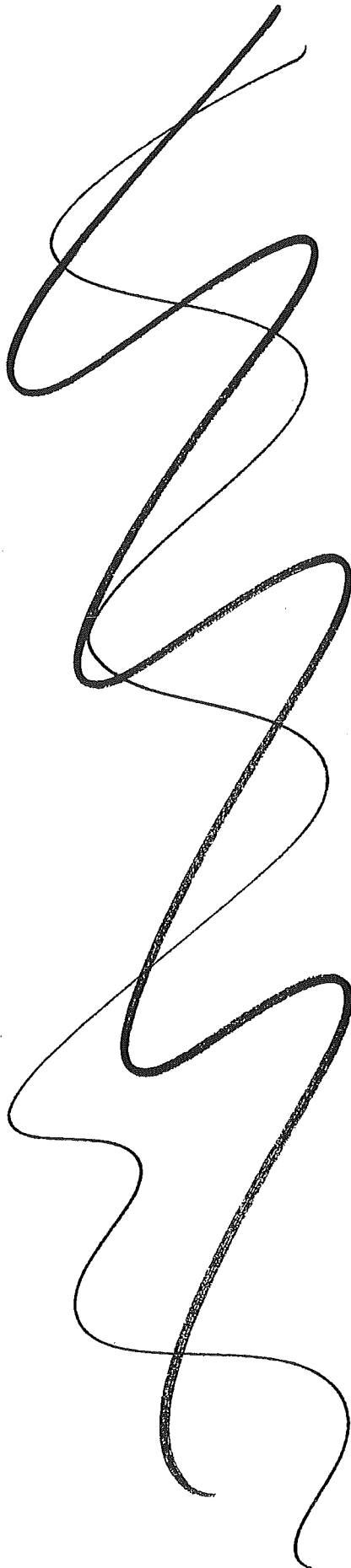
PARCEL 2:

OWNERSHIP, PURSUANT TO THE AFORESAID GROUND LEASE, AND SUBJECT TO SECTIONS 14.01 AND 14.02 OF THE AFORESAID GROUND LEASE, OF THE IMPROVEMENTS, AS DEFINED IN SECTION 2.01(FF) THEREOF, NOW LOCATED ON, OR HEREAFTER ERECTED ON, PARCEL 1.

PINS: 16-13-214-015, 16-13-214-018, 16-13-214-019, 16-13-214-020, 16-13-214-022, 16-13-214-044, 16-13-214-051, 16-13-214-052, 16-13-214-053, 16-13-214-062, 16-13-215-053, 16-13-215-054, 16-13-219-003, 16-13-219-009, 16-13-219-010, 16-13-219-011, 16-13-219-017, 16-13-219-020, 16-13-219-021, 16-13-219-022, 16-13-219-023, 16-13-219-030, 16-13-219-034, 16-13-219-036, 16-13-219-037, 16-13-219-038, 16-13-219-039, 16-13-219-040, 16-13-219-043, 16-13-220-014, 16-13-220-015, 16-13-220-019, 16-13-220-033, 16-13-220-035, 16-13-220-036

ADDRESSES

340-342 S. Artesian Avenue
339-343 S. Campbell Avenue
327-329 S. Campbell Avenue
306 S. Campbell Avenue
310 S. Campbell Avenue
314 S. Campbell Avenue
322 S. Campbell Avenue
326 S. Campbell Avenue
330 S. Campbell Avenue
2518 W. Van Buren Street
337-343 S. Maplewood Avenue
333 S. Maplewood Avenue
329 S. Maplewood Avenue
323 S. Maplewood Avenue
319 S. Maplewood Avenue
307 S. Maplewood Avenue
301 S. Maplewood Avenue
211 S. Maplewood Avenue
201 S. Maplewood Avenue
202 S. Campbell Avenue
208 S. Campbell Avenue
218-224 S. Campbell Avenue
2508 W. Jackson Boulevard
215-223 S. Campbell Avenue
2454 W. Jackson Boulevard

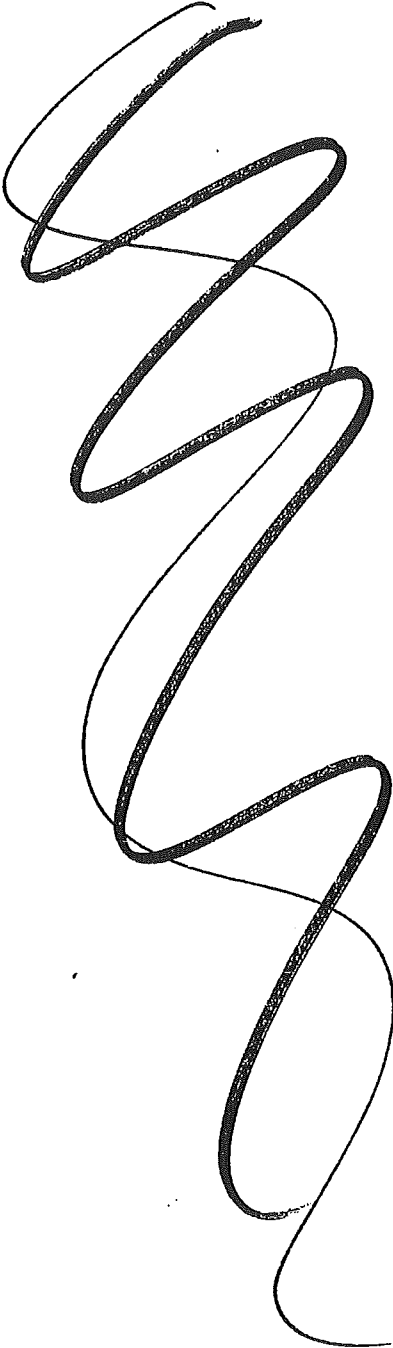


**WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT C

PROJECT BUDGET

[NOT ATTACHED FOR RECORDATION]



**WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT D

TIF-FUNDED IMPROVEMENTS

50% of the cost of construction
of new housing units to be occupied
by low-income households
(65 ILCS 5/11-74.4-3(q)(11)(F))

\$26,950,000*

*Notwithstanding the total amount referenced above, the City Funds for the TIF-Funded Improvements shall not exceed \$1,125,000.

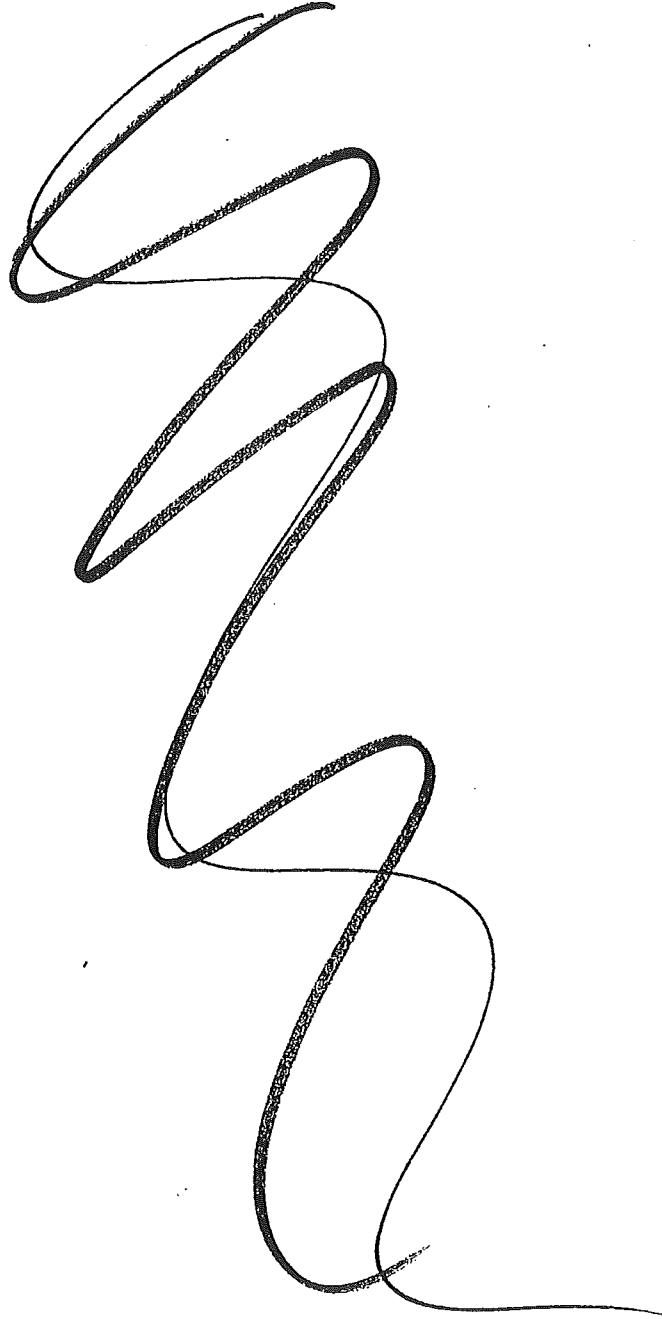


**WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT E

CONSTRUCTION CONTRACT

[NOT ATTACHED FOR RECORDATION]



**WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT F

APPROVED PRIOR EXPENDITURES

[NOT ATTACHED FOR RECORDATION]

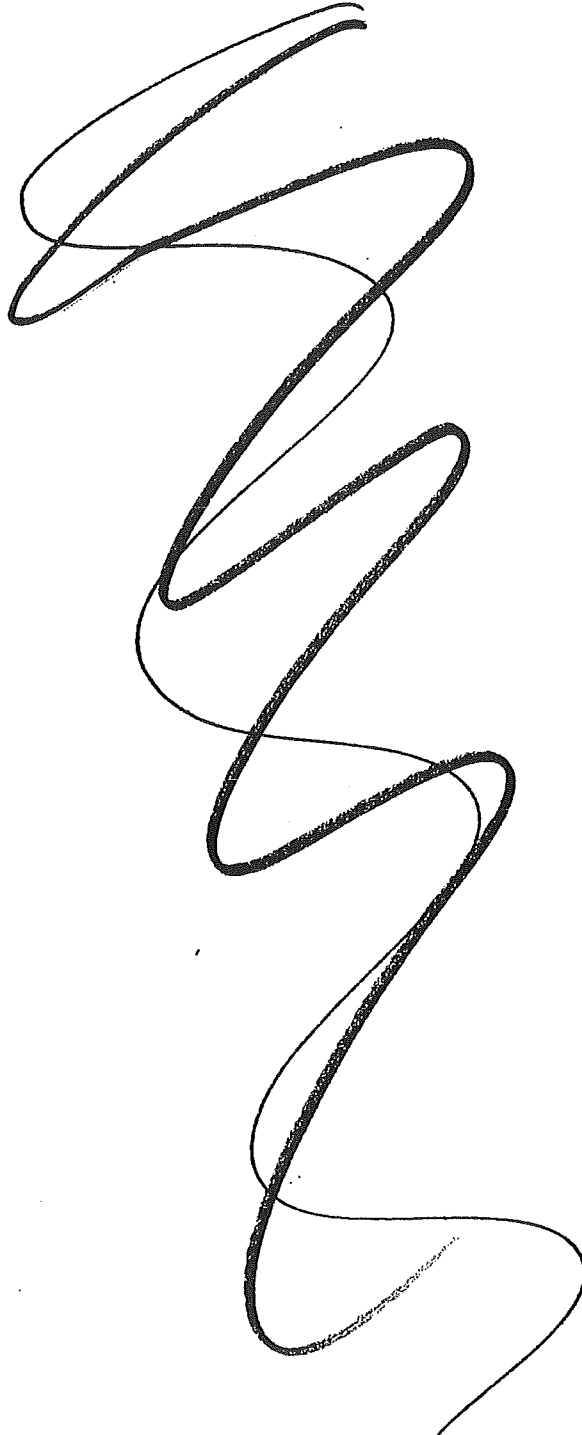


**WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT G

PERMITTED LIENS

[NOT ATTACHED FOR RECORDATION]



WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT

EXHIBIT H

OPINION OF COUNSEL

[NOT ATTACHED FOR RECORDATION]

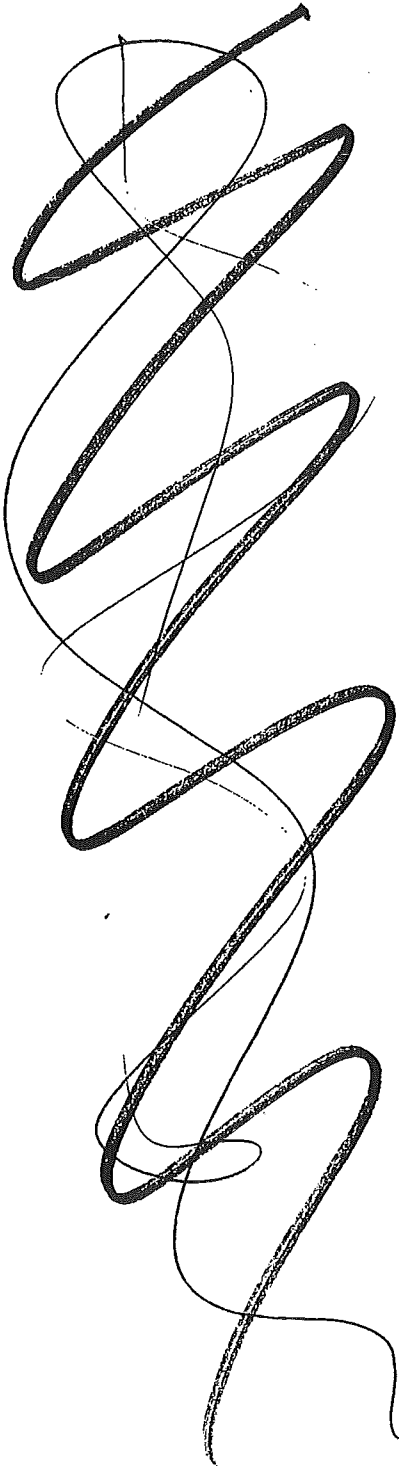


**WEST END/ROCKWELL PHASE II-A RENTAL PROJECT
REDEVELOPMENT AGREEMENT**

EXHIBIT I

FORM OF CITY NOTE

[NOT ATTACHED FOR RECORDATION]



CITY OF CHICAGO, ILLINOIS
MIDWEST
REDEVELOPMENT PROJECT

FINANCIAL REPORT

DECEMBER 31, 2010

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

C O N T E N T S

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Statement of net assets and governmental funds balance sheet	6
Statement of activities and governmental funds revenues, expenditures and changes in fund balance	7
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Schedule of expenditures by statutory code	12

BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

O'HARE PLAZA

8745 WEST HIGGINS ROAD, SUITE 200

CHICAGO, ILLINOIS 60631

AREA CODE 312 263.2700

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the Midwest Redevelopment Project of the City of Chicago, Illinois, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the City of Chicago's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Midwest Redevelopment Project and do not purport to, and do not present fairly the financial position of the City of Chicago, Illinois, as of December 31, 2010, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Midwest Redevelopment Project of the City of Chicago, Illinois, as of December 31, 2010, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Honorable Rahm Emanuel, Mayor
Members of the City Council

- 2 -

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of expenditures by statutory code on page 12, which is also the responsibility of the City of Chicago's management, is presented for purposes of additional analysis and is not a required part of the financial statements of Midwest Redevelopment Project of the City of Chicago, Illinois. Such additional information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Ransley and Kinney, L.L.P.

Certified Public Accountants

June 23, 2011

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

As management of the Midwest Tax Increment Redevelopment Project Area (Project), we offer the readers of the Project's financial statements this narrative overview and analysis of the Project's financial performance for the year ended December 31, 2010. Please read it in conjunction with the Project's financial statements, which follow this section.

Overview of the Financial Statements

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

Basic Financial Statements

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

Government-Wide Financial Statements

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

Governmental Fund Financial Statements

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

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

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

Notes to the Financial Statements

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

Other Supplementary Information

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

Condensed Comparative Financial Statements

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

Analysis of Overall Financial Position and Results of Operations

Property tax revenue for the Project was \$15,179,879 for the year. This was an increase of 6 percent over the prior year. The change in net assets (including operating transfers out) produced an increase in net assets of \$5,683,280. The Project's net assets increased by 26 percent from the prior year making available \$26,362,997 (net of surplus distribution) of funding to be provided for purposes of future redevelopment in the Project's designated area. Expenses decreased this year due to the Project's formulation of a redevelopment plan or necessary funding was not substantially complete or available.

Debt Administration

Tax Increment Allocation Notes outstanding at December 31, 2010 amounted to \$1,300,000. More detailed information about the Project's long-term liabilities is presented in Note 2 of the financial statements.

General Obligation Bonds (Modern Schools Across Chicago Program) outstanding at December 31, 2010 amounted to \$26,200,000. More detailed information about the Project's long-term liabilities is presented in Note 3 of the financial statements.

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

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

Government-Wide

	<u>2010</u>	<u>2009</u>	<u>Change</u>	<u>% Change</u>
Total assets	\$ 57,576,518	\$ 52,879,203	\$ 4,697,315	9%
Total liabilities	<u>30,213,521</u>	<u>31,199,486</u>	<u>(985,965)</u>	-3%
Total net assets	<u>\$ 27,362,997</u>	<u>\$ 21,679,717</u>	<u>\$ 5,683,280</u>	26%
Total revenues	\$ 15,936,504	\$ 14,636,233	\$ 1,300,271	9%
Total expenses	<u>4,738,823</u>	<u>12,191,071</u>	<u>(7,452,248)</u>	-61%
Operating transfers out	<u>5,514,401</u>	<u>1,946,989</u>	<u>3,567,412</u>	183%
Changes in net assets	<u>5,683,280</u>	<u>498,173</u>	<u>5,185,107</u>	1,041%
Ending net assets	<u>\$ 27,362,997</u>	<u>\$ 21,679,717</u>	<u>\$ 5,683,280</u>	26%

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2010

<u>ASSETS</u>	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
Cash and investments	\$ 40,902,972	\$ -	\$ 40,902,972
Property taxes receivable	16,177,000	-	16,177,000
Accrued interest receivable	496,546	-	496,546
Total assets	<u>\$ 57,576,518</u>	<u>\$ -</u>	<u>\$ 57,576,518</u>
<u>LIABILITIES</u>			
Vouchers payable	\$ 1,126,467	\$ -	\$ 1,126,467
Due to other City funds	323,798	-	323,798
Accrued interest payable	105,454	-	105,454
Deferred revenue	14,121,829	(14,121,829)	-
Notes payable - due after one year (Note 2)	-	1,300,000	1,300,000
Bonds payable (Note 3):			
Due within one year	-	1,035,000	1,035,000
Due after one year	-	26,322,802	26,322,802
Total liabilities	<u>15,677,548</u>	<u>14,535,973</u>	<u>30,213,521</u>
<u>FUND BALANCE/NET ASSETS</u>			
Fund balance:			
Reserved for surplus distribution (Note 4)	1,000,000	(1,000,000)	-
Reserved for debt service	2,300,450	(2,300,450)	-
Designated for future redevelopment project costs	<u>38,598,520</u>	<u>(38,598,520)</u>	<u>-</u>
Total fund balance	<u>41,898,970</u>	<u>(41,898,970)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 57,576,518</u>		
Net assets:			
Restricted for surplus distribution (Note 4)		1,000,000	1,000,000
Restricted for economic development projects		471,752	471,752
Restricted for debt service		2,300,450	2,300,450
Restricted for future redevelopment project costs		<u>23,590,795</u>	<u>23,590,795</u>
Total net assets		<u>\$ 27,362,997</u>	<u>\$ 27,362,997</u>
Amounts reported for governmental activities in the statement of net assets are different because:			
Total fund balance - governmental funds			\$ 41,898,970
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.			14,121,829
Long-term liabilities applicable to the Project's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All long-term liabilities are reported in the statement of net assets.			<u>(28,657,802)</u>
Total net assets - governmental activities			<u>\$ 27,362,997</u>

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

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Property tax	\$ 14,210,154	\$ 969,725	\$ 15,179,879
Interest	756,625	-	756,625
Total revenues	<u>14,966,779</u>	<u>969,725</u>	<u>15,936,504</u>
Expenditures/expenses:			
Economic development projects	3,374,153	-	3,374,153
Debt service:			
Principal retirement	1,625,000	(1,625,000)	-
Interest	1,461,154	(96,484)	1,364,670
Total expenditures/expenses	<u>6,460,307</u>	<u>(1,721,484)</u>	<u>4,738,823</u>
Excess of revenues over expenditures	8,506,472	2,691,209	11,197,681
Other financing uses:			
Operating transfers out (Note 5)	<u>(5,514,401)</u>	-	<u>(5,514,401)</u>
Excess of revenues over expenditures and other financing uses	2,992,071	(2,992,071)	-
Change in net assets	-	5,683,280	5,683,280
Fund balance/net assets:			
Beginning of year	<u>38,906,899</u>	<u>(17,227,182)</u>	<u>21,679,717</u>
End of year	<u>\$ 41,898,970</u>	<u>\$ (14,535,973)</u>	<u>\$ 27,362,997</u>

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

Net change in fund balance - governmental funds	\$ 2,992,071
Property tax revenue is recognized in the period for which levied rather than when "available". A portion of the deferred property tax revenue is not available.	969,725
Repayment of note principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For governmental activities, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	800,000
Repayment of bond principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For governmental activities, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.	825,000
Premium received on the issuance of long-term debt is not accrued in governmental funds, but rather is amortized over the life of the bonds.	<u>96,484</u>
Change in net assets - governmental activities	<u>\$ 5,683,280</u>

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

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

(a) *Reporting Entity*

In May 2000, the City of Chicago (City) established the Midwest Tax Increment Redevelopment Project Area (Project). The area has been established to finance improvements, leverage private investment and create and retain jobs. The Project is accounted for within the capital projects, debt service and special revenue funds of the City.

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

The accompanying financial statements of the Project have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In June 1999, the GASB unanimously approved Statement No. 34 (as amended by Statement No. 37), *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* and at a later date, Statement No. 38 *Certain Financial Statements Disclosures*, and include the following:

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 1 – Summary of Significant Accounting Policies (Concluded)

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

(d) *Assets, Liabilities and Net Assets*

Cash and Investments

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

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

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

Capital Assets

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

(e) *Stewardship, Compliance and Accountability*

Illinois Tax Increment Redevelopment Allocation Act Compliance

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

Reimbursements

Reimbursements, if any, are made to the developer for project costs, as public improvements are completed and pass City inspection. The semi-annual principal and interest payments are made solely from incremental real property taxes, which are paid in the redevelopment district.

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 – Notes Payable

In March 2002, the City issued Midwest Tax Increment Allocation Notes, Series 2002. The notes are for \$4,900,000 and have an interest rate of 8.0 percent and maturity dates ranging from January 1, 2005 to January 1, 2012. Net proceeds of \$4,900,000 were used to finance certain project costs in the Midwest Redevelopment Project Area.

Long-term liability activity for the year ended December 31, 2010 was as follows:

Beginning balance	\$2,100,000
Additions	-
Reductions	<u>(800,000)</u>
Ending balance	<u>\$1,300,000</u>
Amounts due within one year	<u>\$ -</u>

The aggregate maturities of the notes are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ -	\$ -
2012	<u>1,300,000</u>	<u>104,000</u>
Total	<u>\$1,300,000</u>	<u>\$104,000</u>

Under the terms of the notes, when revenues available exceed the amounts on the debt service schedule, the excess amount shall be used to make mandatory prepayment on the notes. Any prepayments may be made without penalty or premium. The remaining \$1,300,000 of principal is expected to be repaid July 1, 2011.

Note 3 – Bonds Payable

In January 2007, the City issued \$28,830,000 of General Obligation Bonds (Modern Schools Across Chicago Program), Series 2007J at a premium. The bonds have interest rates ranging from 3.60 to 5.00 percent and maturity dates ranging from December 1, 2008 to December 1, 2023. Net proceeds of \$28,830,000 will be used to pay for a portion of the costs for construction, renovation, design and acquisition of elementary and high schools that are part of the school system operated by the Board of Education of the City of Chicago (the "Board") and refund certain outstanding obligations of the Board.

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

NOTES TO FINANCIAL STATEMENTS
(Concluded)

Note 3 – Bonds Payable (Concluded)

Long-term liability activity for the year ended December 31, 2010 was as follows:

Beginning balance	\$27,025,000
Additions	-
Reductions	<u>(825,000)</u>
Subtotal	26,200,000
Plus unamortized premium	<u>1,157,802</u>
Ending balance	<u>\$27,357,802</u>
Amounts due within one year	<u>\$ 1,035,000</u>

The aggregate maturities of the bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,035,000	\$ 1,265,450
2012	1,110,000	1,213,700
2013	835,000	1,169,300
2014	1,670,000	1,127,550
2015	1,675,000	1,060,750
2016-2020	10,845,000	3,985,250
2021-2023	<u>9,030,000</u>	<u>931,250</u>
Total	<u>\$26,200,000</u>	<u>\$10,753,250</u>

Note 4 – Surplus Distribution

In December 2010, the City declared a surplus within the fund balance of the Project in the amount of \$1,000,000. In June 2011, the surplus funds were sent to the Cook County Treasurer's Office to be redistributed to the various taxing agencies.

Note 5 – Operating Transfers Out

During 2010, in accordance with State statutes, the Project transferred \$2,297,539 to two contiguous Redevelopment Projects (Chicago/Central Park \$1,316,412 and Madison/Austin Corridor \$981,127) to fund debt service for Phase I of the Modern Schools Across Chicago Bonds, Series 2007. In addition, in accordance with State Statutes, the Project transferred \$3,216,862 to the contiguous Chicago/Central Park Redevelopment Project to fund debt service and the abatement reserve requirement for Phase II of the Modern Schools Across Chicago Bonds, Series 2010.

Note 6 – Commitments

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

As of December 31, 2010 the Project has entered into contracts for approximately \$1,313,000 for services and construction projects.

SUPPLEMENTARY INFORMATION

CITY OF CHICAGO, ILLINOIS
MIDWEST REDEVELOPMENT PROJECT

SCHEDULE OF EXPENDITURES BY STATUTORY CODE

Code Description

Costs of studies, surveys, development of plans and specifications, implementation and administration of the redevelopment plan including but not limited to staff and professional service costs for architectural, engineering, legal, marketing	\$ 265,370
Costs of property assembly, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land	170,660
Costs of rehabilitation, reconstruction or repair or remodeling of existing public or private buildings and fixtures	1,000,000
Costs of the construction of public works or improvements	1,666,471
Costs of job training and retraining projects	271,652
Costs of financing, 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	<u>3,086,154</u>
	<u>\$ 6,460,307</u>



BANSLEY AND KIENER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

ESTABLISHED 1922

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INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statement of net assets and governmental funds balance sheet of Midwest Redevelopment Project of the City of Chicago, Illinois as of December 31, 2010, and the related statement of activities and governmental funds revenues, expenditures and changes in fund balance for the year then ended, and have issued our report thereon dated June 23, 2011.

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

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

Bansley and Kiener, L.L.P.

Certified Public Accountants

June 23, 2011

INTERGOVERNMENTAL AGREEMENTS

A list of all intergovernmental agreements in effect in FY 2010 to which the municipality is a part, and an accounting of any money transferred or received by the municipality during that fiscal year pursuant to those intergovernmental agreements. [65 ILCS 5/11-74.4-5 (d) (10)]

Name of Agreement	Description of Agreement	Amount Transferred Out	Amount Received
Collins - High School - MSAC I	Improvements to school	986,486	

Midwest Redevelopment Project Area 2010 Annual Report

