

Contract Summary Sheet

Contract (PO) Number: 4204

Specification Number: 19095

Name of Contractor: BOARD OF EDUCATION 02

City Department: PLANNING & DEVELOPMENT

Title of Contract: Intergovernmental Agreement with the Chicago Board of Education for construction of the Simeon Career Academy

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

\$22,184,925.00

PO Start Date: 3/1/03

PO End Date: 12/31/13

Brief Description of Work: Intergovernmental Agreement with the Chicago Board of Education for construction of the Simeon Career Academy

Procurement Services Contact Person: BARBARA SUTTON

Vendor Number: 1066148

Submission Date:

JAN 0 8 2004

ORDINANCE

WHEREAS, the City of Chicago (the "City") is a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois; and

WHEREAS, the Board of Education of the City of Chicago (the "Board") is a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois; and

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

WHEREAS, the Commission owns in trust for and leases to the Board certain real property, which real property is generally located at 8235 South Vincennes Avenue, Chicago, Illinois (the "Property"), which, together with any necessary easements for ingress and egress, is legally described on Exhibit A attached hereto and incorporated herein; and

WHEREAS, the Board wishes to construct a high school and possibly a related campus park on the Property to be known as Simeon Career Academy; and

WHEREAS, the construction of the high school will require the Board (acting through the Commission) to construct buildings and related improvements, including possibly a campus park, to house and serve the high school known as Simeon Career Academy (the "Facility") on the Property (all such activities referred to herein shall be known as the "Project"); and

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

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on December 18, 1986, as amended by ordinances adopted on October 30, 1996, March 27, 2002 and May 29, 2002: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Chatham Ridge Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the Chatham Ridge Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Chatham Ridge Redevelopment Project Area" (the Redevelopment Plan approved by the Chatham Ridge TIF Ordinances is referred to herein as the "Chatham Ridge Redevelopment Plan" and the redevelopment project area created by the Chatham Ridge TIF Ordinances is referred to herein as the "Chatham

Ridge Redevelopment Area"); and

WHEREAS, pursuant to an ordinance adopted by the City Council on May 29, 2002 (the "Chatham Ridge TIF Bond Ordinance"), the City issued certain aggregate principal amount \$17,935,000 City of Chicago Tax Increment Allocation Bonds (Chatham Ridge Redevelopment Project), Series 2002 Bonds (the "Chatham Ridge TIF Bonds") as a means of financing certain Chatham Ridge Redevelopment Area redevelopment project costs (as defined in the Act) incurred pursuant to the Chatham Ridge Redevelopment Plan; and

WHEREAS, all of the Property lies wholly within the boundaries of the Chatham Ridge Redevelopment Area; and

WHEREAS, under 65 ILCS 5/11-74.4-3(q)(7), such incremental ad valorem taxes which pursuant to the Act have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof ("Increment") may be used to pay all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs (Increment collected from the Chatham Ridge Redevelopment Area shall be known as the "Chatham Ridge Increment"); and

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

WHEREAS, the Chatham Ridge Redevelopment Plan contemplates that tax increment financing assistance would be provided for public improvements, such as the Project, within the boundaries of the Chatham Ridge Redevelopment Area; and

WHEREAS, the City desires to use a portion of both the proceeds of the Chatham Ridge TIF Bonds and the Chatham Ridge Increment (the "Chatham Ridge Increment Funds") for the Project on the Property; and

WHEREAS, the City agrees to use a portion of the proceeds of the Chatham Ridge TIF Bonds in an amount not to exceed \$6,184,925 (the "Chatham Ridge Bond Funds"), to pay for or reimburse the Board for a portion of the costs of the TIF-Funded Improvements (as defined below); and

WHEREAS, the City shall also, at the Board's request, use available Chatham Ridge Increment Funds ("Available Chatham Ridge Increment Funds"), if any, to pay for or reimburse the Board for a portion of the costs of the TIF-Funded Improvements (as defined below) in an amount not to exceed \$16,000,000 (the Chatham Ridge Bond Funds and Available Chatham Ridge Increment Funds shall be collectively known as the "Chatham Ridge Funds"); and

WHEREAS, in accordance with the Act, the "TIF-Funded Improvements" shall include such of the Board's capital costs necessarily incurred or to be incurred in furtherance of the objectives of

the Chatham Ridge Redevelopment Plan, and the City has found that the TIF-Funded Improvements consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03(u) of the Act; and

WHEREAS, the City and the Board wish to enter into an intergovernmental agreement whereby the City shall disburse the Chatham Ridge Funds to the Board to pay for or reimburse the Board for a portion of the TIF-Funded Improvements; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are incorporated here by this reference.

SECTION 2. The City hereby finds that the TIF-Funded Improvements, among other eligible redevelopment project costs under the Act approved by the City, consist of the cost of the Board's capital improvements for the Facility that are necessary and directly result from the redevelopment project constituting the Project and, therefore, constitute "taxing districts' capital costs" as defined in Section 5/11-74.4-03 (u) of the Act.

SECTION 3. Subject to the approval of the Corporation Counsel of the City of Chicago as to form and legality, and to the approval of the City Comptroller, the Commissioner of the Department of Planning and Development is authorized to execute and deliver an intergovernmental agreement (the "Agreement"), in substantially the form attached as Exhibit B, and such other documents as are necessary, between the City of Chicago and the Board of Education of the City of Chicago, which Agreement may contain such other terms as are deemed necessary or appropriate by the parties executing the same on the part of the City.

SECTION 4. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance.

SECTION 5. This Ordinance takes effect upon passage and approval.

EXHIBIT A

PROPERTY

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF CHICAGO, BY AND THROUGH
ITS DEPARTMENT OF PLANNING AND DEVELOPMENT,
AND THE BOARD OF EDUCATION OF THE CITY OF CHICAGO
REGARDING SIMEON CAREER ACADEMY

This Intergovernmental Agreement (this "Agreement") is made and entered into as of the 1st day of March, 2003 by and between the City of Chicago (the "City"), a municipal corporation and home rule unit of government under Article VII, Section 6(a) of the 1970 Constitution of the State of Illinois, by and through its Department of Planning and Development (the "Department"), and the Board of Education of the City of Chicago (the "Board"), a body corporate and politic, organized under and existing pursuant to Article 34 of the School Code of the State of Illinois.

RECITALS

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

WHEREAS, the Commission owns in trust for and leases to the Board certain real property, which real property is generally located at 8235 South Vincennes Avenue, Chicago, Illinois (the "Property"), which, together with any necessary easements for ingress and egress, is legally described on Exhibit A attached hereto and incorporated herein; and

WHEREAS, the Board wishes to construct a high school and possibly a related campus park on the Property to be known as Simeon Career Academy; and

WHEREAS, the construction of the high school will require the Board (acting through the Commission) to construct buildings and related improvements, including possibly a campus park, to house and serve the high school known as Simeon Career Academy (the "Facility") on the Property (the Facility will have those general features described in Exhibit B attached hereto and incorporated herein) (all such activities referred to herein shall be known as the "Project"); and

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

WHEREAS, to induce certain redevelopment pursuant to the Act, the City Council adopted the following ordinances on December 18, 1986, as amended by ordinances adopted on October 30, 1996, March 27, 2002 and May 29, 2002: "An Ordinance of the City of Chicago, Illinois Approving and Adopting a Tax Increment Redevelopment Project and Plan for the Chatham Ridge Redevelopment Project Area"; "An Ordinance of the City of Chicago, Illinois Designating the Chatham Ridge Redevelopment Project Area as a Tax Increment Financing District"; and "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Chatham Ridge Redevelopment Project Area" (the aforesaid Ordinances, as the same may have heretofore been or hereinafter may be amended, are collectively referred to herein as the "Chatham Ridge TIF

Ordinances", the Redevelopment Plan approved by the Chatham Ridge TIF Ordinances is referred to herein as the "Chatham Ridge Redevelopment Plan" and the redevelopment project area created by the Chatham Ridge TIF Ordinances is referred to herein as the "Chatham Ridge Redevelopment Area"); and

WHEREAS, pursuant to an ordinance adopted by the City Council on May 29, 2002 (the "Chatham Ridge TIF Bond Ordinance"), the City issued certain aggregate principal amount \$17,935,000 City of Chicago Tax Increment Allocation Bonds (Chatham Ridge Redevelopment Project), Series 2002 Bonds (the "Chatham Ridge TIF Bonds") as a means of financing certain Chatham Ridge Redevelopment Area redevelopment project costs (as defined in the Act) incurred pursuant to the Plan; and

WHEREAS, the Chatham Ridge TIF Bonds are secured by that certain Trust Indenture, dated as of September 15, 2002, as supplemented by First Supplemental Indenture, dated as of September 15, 2002, both from the City to BNY Midwest Trust Company, as Trustee (together, the "Indenture"); and

WHEREAS, all of the Property lies wholly within the boundaries of the Chatham Ridge Redevelopment Area; and

WHEREAS, under 65 ILCS 5/11-74.4-3(q)(7), such incremental ad valorem taxes which pursuant to the Act have been collected and are allocated to pay redevelopment project costs and obligations incurred in the payment thereof ("Increment") may be used to pay all or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment plan and project, to the extent the municipality by written agreement accepts and approves such costs (Increment collected from the Chatham Ridge Redevelopment Area shall be known as the "Chatham Ridge Increment"); and

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

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

WHEREAS, the City desires to use a portion of both the proceeds of the Chatham Ridge TIF Bonds and the Chatham Ridge Increment (the "Chatham Ridge Increment Funds") for the Project on the Property; and

WHEREAS, the City agrees to use a portion of the proceeds of the Chatham Ridge TIF Bonds in an amount not to exceed \$6,184,925 (the "Chatham Ridge Bond Funds"), to pay for or reimburse the Board for a portion of the costs of the TIF-Funded Improvements (as defined in Article Three, Section 3 below), pursuant to the terms and conditions of this Agreement; and

WHEREAS, the City shall also, at the Board's request, use available Chatham Ridge Increment Funds ("Available Chatham Ridge Increment Funds"), if any, to pay for or reimburse the Board for a portion of the costs of the TIF-Funded Improvements (as defined in Article Three, Section 3 below) in an amount not to exceed \$16,000,000 over the Term of this Agreement (as defined in Article Four, below) and \$1,800,000 in any one calendar year during the Term of this

Agreement (except that in the last year of the Term of this Agreement, any Chatham Ridge Increment otherwise available, subject to the City's right, in its discretion, to retain up to \$1,500,000 thereof, shall be Available Chatham Ridge Increment Funds), pursuant to the terms and conditions of this Agreement (the Chatham Ridge Bond Funds and Available Chatham Ridge Increment Funds shall be collectively known as the "Chatham Ridge Funds"); and

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

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

ARTICLE ONE: INCORPORATION OF RECITALS

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

ARTICLE TWO: THE PROJECT

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

2. In all contracts relating to the Project, the Board agrees to require the contractor to name the City as an additional insured on insurance coverages and to require the contractor to indemnify the City from all claims, damages, demands, losses, suits, actions, judgments and expenses including but not limited to attorney's fees arising out of or resulting from work on the Project by the contractor or contractor's suppliers, employees, or agents.

ARTICLE THREE: FUNDING

1. (a) On each January 1st, April 1st, July 1st and October 1st (or such other date as the parties may agree to), beginning in 2003 and continuing throughout the earlier of : (i) the Term of the Agreement or (ii) the date that the City has paid directly or the Board has been reimbursed in the full amount of the Chatham Ridge Bond Funds under this Agreement, the Board shall provide the Department with a Certificate of Expenditure, in the form of Exhibit F hereto, along with: (i) a cost itemization of the applicable portions of the budget attached as Exhibit G hereto; (ii) evidence

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

(b) Delivery by the Board to the Department of any request for execution by the City of a Certificate of Expenditure shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for execution of a Certificate of Expenditure, that:

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

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

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

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

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

(c) [omitted]

(d) No payment of Chatham Ridge Bond Funds will be made until all scheduled payments on the Chatham Ridge TIF Bonds have been made, and payments of Available Chatham Ridge Increment Funds will be subject to the availability of such Chatham Ridge Increment in the Chatham Ridge Redevelopment Project Area Special Tax Allocation Fund (the "Chatham Ridge Fund"), subject to all applicable restrictions on and obligations of the City contained in: (i) the Indenture, and (ii) all City ordinances relating to the Chatham Ridge Increment and the Chatham

Ridge TIF Bonds, including but not limited to the Chatham Ridge TIF Bond Ordinance, and all agreements and other documents entered into by the City pursuant thereto.

(e) (i) The Board's right to receive payments hereunder shall be subordinate to the obligations of the City to be paid from Chatham Ridge Increment pursuant to: (1) that certain Redevelopment Agreement entered into by the City and Home Depot U.S.A., Inc. dated January 29, 1999; and (2) that certain Redevelopment Agreement entered into or to be entered into by the City and Lakeshore 87th Street Homes Limited Partnership.

(ii) The City, subject to the terms of this subsection 1(e)(ii), may, until the earlier to occur of (1) the expiration of the Term of this Agreement or (2) the date that the City has paid directly or the Board has been reimbursed in the full amount of the Chatham Ridge Bond Funds under this Agreement, exclude up to 90% of the Increment generated from the construction value of a new assisted development project and pledge that Increment to a developer on a basis superior to that of the Board. For purposes of this subsection, "a new assisted development project" shall not include any development project that is or will be exempt from the payment of ad valorem property taxes. Further, for purposes of this subsection, "Increment generated from the construction value of a new assisted development project" shall be the amount of Increment generated by the equalized assessed value ("EAV") of such affected parcels over and above the EAV of such affected parcels for the year immediately preceding the year in which the new assisted development project commences (the "Base Year"). Except for the foregoing, the Board shall retain its initial lien status relative to Chatham Ridge Increment.

In the event that the City elects to avail itself of the provisions of this subsection, it shall, at least seven (7) days prior to executing a binding commitment pledging the Increment described above, certify, in a letter to the Board, the affected parcels and the EAV thereof for the Base Year.

(f) [omitted]

(g) After the Board has requested and the City has disbursed the Chatham Ridge Bond Funds in the aggregate amount of \$6,184,925, then on each October 1st (or such other date as the parties may agree to), beginning October 1, 2004 (or such other date in 2004 as the parties may agree to) and continuing throughout the earlier of: (i) the Term of the Agreement or (ii) the date that the City has paid directly or the Board has been reimbursed in the aggregate amount of \$16,000,000 in Available Chatham Ridge Increment Funds under this Agreement, the Board may provide the Department with a Certificate of Expenditure, in the form of Exhibit F hereto, along with: (i) a cost itemization of the applicable portions of the budget attached as Exhibit G hereto; (ii) evidence of the expenditures upon TIF-Funded Improvements for which the Board seeks reimbursement; and (iii) all other documentation described in Exhibit F. Requisition for reimbursement of TIF-Funded Improvements out of Available Chatham Ridge Increment Funds shall be made not more than once per year of the Term of this Agreement (or as otherwise permitted by the Department). Reimbursement out of Available Chatham Ridge Increment Funds shall not be made for more than \$1,800,000 in any one calendar year of the Term of this Agreement (except that in the last year of the Term of this Agreement, any Chatham Ridge Increment otherwise available, subject to the City's right, in its discretion, to retain up to \$1,500,000 thereof, shall be Available Chatham Ridge Increment Funds). The City shall disburse Available Chatham Ridge Increment Funds to the Board within fifteen (15) days after the City's approval and execution of a Certificate of Expenditure.

Subject to the foregoing limitations upon (i) the dates on and frequency with which the Board may request reimbursement and (ii) the maximum annual and aggregate amounts in which the City shall reimburse the Board, the Board may by submission of Certificates of Expenditure request reimbursement up to the aggregate amount of \$16,000,000 at any time after the Board has requested and the City has disbursed the Chatham Ridge Bond Funds in the aggregate amount of \$6,184,925. When and if the Board by submission of Certificates of Expenditure requests reimbursement in the aggregate amount of \$16,000,000, and the City has approved such Certificates of Expenditure in writing, the Board shall still annually submit to the City a Certificate of Expenditure or equivalent written request for reimbursement out of Available Chatham Ridge Increment Funds, and the Board shall attach to such Certificate of Expenditure or equivalent written request for reimbursement a copy of the Certificates of Expenditure in the aggregate amount of \$16,000,000 previously approved by the City in writing.

The availability of Available Chatham Ridge Increment Funds is subject to: (i) the City's annual retention of 5% of the Chatham Ridge Increment deposited annually into the Chatham Ridge Fund for the payment of expenses incurred by the City in the administration of the Chatham Ridge Redevelopment Area; and (ii) the City's compliance with all applicable requirements regarding the use of such funds and the timing of such use.

2. The current estimate of the cost of the Project is approximately \$45,840,048. The Board shall deliver to the Commissioner a detailed project budget for the Project, attached hereto and incorporated herein as Exhibit G. The Board certifies that it has identified sources of funds (including the Chatham Ridge Funds) sufficient to complete the Project. The Board agrees that the City will only contribute the Chatham Ridge Funds to the Project and that all costs of completing the Project over the Chatham Ridge Funds shall be the sole responsibility of the Board. If the Board at any point does not have sufficient funds to complete the Project, the Board shall so notify the City in writing, and the Board may narrow the scope of the Project as agreed with the City in order to construct or rehabilitate the Facility with the available funds.

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

4. If the aggregate cost of the Project is less than the amount of the Chatham Ridge Funds contemplated by this Agreement, the Board shall have no claim to the difference between the amount of the Chatham Ridge Funds contemplated by this Agreement and the amount of the

Chatham Ridge Funds actually paid by the City to the Board and expended by the Board on the Project.

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

ARTICLE FOUR: TERM

The Term of the Agreement shall commence on the date of its execution and shall expire on the date on which the Chatham Ridge Redevelopment Area is no longer in effect (through and including December 31, 2013).

ARTICLE FIVE: INDEMNITY; DEFAULT

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

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

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

ARTICLE SIX: CONSENT

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

ARTICLE SEVEN: NOTICE

Notice to Board shall be addressed to:

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

and

General Counsel
Board of Education of the City of Chicago
125 South Clark Street, 7th Floor
Chicago, Illinois 60603
FAX: (773) 553-1702

Notice to the City shall be addressed to:

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

and

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

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

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

ARTICLE EIGHT: ASSIGNMENT; BINDING EFFECT

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

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

ARTICLE NINE: MODIFICATION

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

ARTICLE TEN: COMPLIANCE WITH LAWS

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

ARTICLE ELEVEN: GOVERNING LAW AND SEVERABILITY

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

ARTICLE TWELVE: COUNTERPARTS

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

ARTICLE THIRTEEN: ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties.

ARTICLE FOURTEEN: AUTHORITY

Execution of this Agreement by the City is authorized by an ordinance passed by the City Council of the City on February 5, 2003. Execution of this Agreement by the Board is authorized by Board Resolution 01-0725-RS2. The parties represent and warrant to each other that they have the authority to enter into this Agreement and perform their obligations hereunder.

ARTICLE FIFTEEN: HEADINGS

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

ARTICLE SIXTEEN: DISCLAIMER OF RELATIONSHIP

Nothing contained in this Agreement, nor any act of the City or the Board shall be deemed or construed by any of the parties hereto or by third persons, to create any relationship of third party

beneficiary, principal, agent, limited or general partnership, joint venture, or any association or relationship involving the City and the Board.

ARTICLE SEVENTEEN: CONSTRUCTION OF WORDS

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

ARTICLE EIGHTEEN: NO PERSONAL LIABILITY

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

ARTICLE NINETEEN: REPRESENTATIVES

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

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

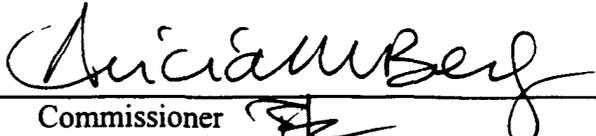
For the City: City of Chicago, Department of Planning & Development
121 North LaSalle Street, Room 1101
Chicago, Illinois 60602
Attn.: Deputy Commissioner, Development Finance Division
Phone: 312-744-0051
Fax: 312-744-7996

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

[Signature Page Follows]

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

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

By: 
Commissioner 
Department of Planning and Development

THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO

By: _____
President

Attest: By: _____
Secretary

Board Resolution No.: 01-0725-RS2

Approved as to legal form:

General Counsel

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

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

By: _____
Commissioner
Department of Planning and Development

THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO

By: Michael W. Scott
President

Attest: By: Estela M. Beltran
Secretary

Board Resolution No.: 01-0725-RS2

Approved as to legal form:

Paul J. Jaramila
General Counsel

EXHIBIT A

THE PROPERTY

ORIGINAL SIMEON HIGH SCHOOL PROPERTY

8235 S. Vincennes, Chicago, Illinois

A TRACT OF LAND IN THE AFOREMENTIONED EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 33 DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE EAST LINE OF SAID EAST HALF OF THE NORTHWEST QUARTER 110 RODS SOUTH OF THE NORTHEAST CORNER OF SAID EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 33; THENCE WEST A DISTANCE OF 368 FEET 9 7/16 INCHES (368.79 FEET) MORE OR LESS TO THE CENTER OF VINCENNES ROAD (NOW KNOWN AS VINCENNES AVENUE); THENCE SOUTHWESTERLY ALONG THE CENTER OF SAID ROAD A DISTANCE OF 230 FEET; THENCE SOUTHEASTERLY A DISTANCE OF 417 FEET 5 1/2 INCHES (417.46 FEET) TO THE EAST LINE OF SAID EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 33; THENCE NORTH ALONG SAID EAST LINE A DISTANCE OF 230 FEET TO THE POINT OF BEGINNING, EXCEPTING THEREFROM THAT PART TAKEN FOR VINCENNES ROAD (NOW KNOWN AS VINCENNES AVENUE) AND SOUTH STEWART AVENUE, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 2, 1952 AS DOCUMENT NUMBER 15451140, ALSO KNOWN AS THE NORTH 2 ACRES, MORE OR LESS, OF LOT 5 IN ASSESSOR'S DIVISION OF THE WEST HALF OF SAID SECTION 33, THE PLAT THEREOF RECORDED AUGUST 16, 1867 IN BOOK 165 OF PLATS, PAGE 75 AS DOCUMENT 144845, IN COOK COUNTY, ILLINOIS; LOT "A" IN JOHN R. RONEY'S CONSOLIDATION IN THE AFORESAID NORTHWEST QUARTER OF SAID SECTION 33, ACCORDING TO THE PLAT THEREOF RECORDED OCTOBER 14, 1931 AS DOCUMENT NUMBER 10988441, IN COOK COUNTY, ILLINOIS; THAT PART OF ORIGINAL LOT 5 IN THE AFORESAID ASSESSOR'S DIVISION OF THE WEST HALF OF SAID SECTION 33, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT IN THE WEST LINE OF SOUTH STEWART AVENUE, SAID WEST LINE BEING 33 FEET WEST OF AND PARALLEL TO THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 33, AND SAID POINT BEING 472 FEET (MEASURED ALONG SAID WEST LINE OF SOUTH STEWART AVENUE) SOUTH OF THE NORTH LINE OF THAT PART OF SAID LOT 5 CONVEYED TO THE CHICAGO AND WESTERN INDIANA RAILROAD COMPANY BY GEORGE BRINKMAN; THENCE WEST AT RIGHT ANGLES TO SAID EAST LINE OF THE AFORESAID NORTHWEST QUARTER OF SECTION 33, A DISTANCE OF 185.78 FEET, MORE OR LESS, TO A LINE WHICH EXTENDS FROM A POINT IN THE EASTERLY LINE OF VINCENNES AVENUE. A DISTANCE OF 361.85 FEET (MEASURED ALONG SAID EASTERLY LINE) SOUTHERLY FROM THE NORTH LINE OF THAT PART OF SAID LOT 5 CONVEYED TO THE CHICAGO AND WESTERN INDIANA RAILROAD COMPANY BY GEORGE BRINKMAN, SOUTHEASTERLY TO A POINT 33 FEET WEST OF THE EAST LINE AND 33 FEET NORTH OF THE SOUTH LINE OF SAID NORTHWEST QUARTER OF SAID SECTION 33; THENCE RUNNING SOUTHEASTERLY ALONG THE LAST DESCRIBED LINE, A DISTANCE OF 211.83 FEET, MORE OR LESS, TO THE AFORESAID WEST LINE OF SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID WEST LINE OF SOUTH STEWART AVENUE, A DISTANCE OF 101.76 FEET, MORE OR LESS, TO THE POINT OF BEGINNING; ALL IN COOK COUNTY, ILLINOIS.

PROPERTY INDEX NUMBERS: 20-33-127-016-0000 and 20-33-127-017-0000

PROPERTY ACQUIRED TO EXPAND NEAL F. SIMEON HIGH SCHOOL

LEGAL DESCRIPTION FOR NEW ADDITION:

Lots 1 Through 5, Inclusive, in John B. Costello's Owner's Division of Lot 1 of Block 2 in August Shorling's Subdivision of That Part of The North 110 Rods of The N.W. 1/4 of Section 33, Township 38 North, Range 14 East of The Third Principal Meridian, And East of Vincennes Road in Cook County, Illinois.

Lots 2 Through 6, Inclusive in Block 2 in August Shorling's Subdivision of That Part of The North 110 Rods of The N.W. 1/4 of Section 33, Township 38 North, Range 14 East of The Third Principal Meridian, And East of Vincennes Road in Cook County, Illinois.

Lots 1 Through 4, And The North-South 16 Foot Wide Strip Lying Between Lots 1 Through 4, Inclusive, in Zaksas' Resubdivision of Lot 7 and The North 15 Feet of Lot 8 in Block 2 in August Shorling's Subdivision of That Part of The North 110 Rods of The N.W. 1/4 of Section 33, Township 38 North, Range 14 East of The Third Principal Meridian, And East of Vincennes Road in Cook County, Illinois. (The North-South 16 Foot Wide Strip Lying Between Lots 1 Through 4 is Unassessed),

Lot 8 in Block 2 in August Shorling's Subdivision of That Part of the North 110 Rods of the N.W. 1/4 of Section 33, Township 38 North, Range 14 East of the Third Principal Meridian, and East of Vincennes Road in Cook County, Illinois, including the 6.5 foot strip lying east of and adjoining Tax Parcels 20-33-127-013-0000 and 20-33-127-014-0000.

PROPERTY INDEX NUMBERS:

20-33-127-002-0000	20-33-127-014-0000	20-33-127-027-0000
20-33-127-003-0000	20-33-127-018-0000	20-33-127-028-0000
20-33-127-005-0000	20-33-127-019-0000	20-33-127-029-0000
20-33-127-006-0000	20-33-127-020-0000	20-33-127-030-0000
20-33-127-008-0000	20-33-127-021-0000	20-33-127-031-0000
20-33-127-009-0000	20-33-127-022-0000	20-33-127-032-0000
20-33-127-010-0000	20-33-127-023-0000	20-33-127-033-0000
20-33-127-011-0000	20-33-127-024-0000	
20-33-127-013-0000	20-33-127-025-0000	

ENTIRE SIMEON HIGH SCHOOL SITE
BETWEEN VINCENNES AVENUE ON THE WEST
81ST STREET ON THE NORTH, STEWART AVENUE ON THE EAST,
AND 83RD STREET ON THE SOUTH

BEGINNING AT THE INTERSECTION OF THE WEST LINE OF SOUTH STEWART AVENUE WITH THE SOUTH LINE OF WEST 81ST STREET; THENCE SOUTH ALONG SAID WEST LINE OF SOUTH STEWART AVENUE, A DISTANCE OF 1258.72 FEET TO THE INTERSECTION WITH THE NORTHERLY LINE OF WEST 83RD STREET; THENCE NORTHWESTERLY ALONG SAID NORTHERLY LINE OF WEST 83RD STREET, A DISTANCE OF 467.38 FEET TO THE INTERSECTION WITH THE EASTERLY LINE OF SOUTH VINCENNES AVENUE; THENCE NORTHEASTWARDLY ALONG SAID EASTERLY LINE OF SOUTH VINCENNES AVENUE, A DISTANCE OF 1057.79 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF WEST 81ST STREET; THENCE EAST ALONG SAID SOUTH LINE OF WEST 81ST STREET, A DISTANCE OF 186.48 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

CONTAINING 354,444 SQUARE FEET (8.1369 ACRES) OF LAND, MORE OR LESS.

PROPERTY INDEX NUMBERS:

20-33-127-002-0000	20-33-127-014-0000	20-33-127-027-0000
20-33-127-003-0000	20-33-127-018-0000	20-33-127-028-0000
20-33-127-005-0000	20-33-127-019-0000	20-33-127-029-0000
20-33-127-006-0000	20-33-127-020-0000	20-33-127-030-0000
20-33-127-008-0000	20-33-127-021-0000	20-33-127-031-0000
20-33-127-009-0000	20-33-127-022-0000	20-33-127-032-0000
20-33-127-010-0000	20-33-127-023-0000	20-33-127-033-0000
20-33-127-011-0000	20-33-127-024-0000	
20-33-127-013-0000	20-33-127-025-0000	

AND

20-33-127-016-0000 and 20-33-127-017-0000

EXHIBIT B

FEATURES OF THE FACILITY

Address: 8147 South Vincennes Avenue

Project Description:

The Simeon Career Academy project will result in a state of the art, full service Education-To-Careers high school facility.

The new structure, being built to the North and East of the existing building, permits the use of the existing school during the project's construction. This high school includes classroom space for business, language, science, art, and music, in addition to vocational shops and technical labs. Supporting these programs, are computer-aided drafting and business computer labs, a library resource center, and an auditorium with a seating capacity of 590. All instructional spaces will be wired for technology, heated, and air-conditioned.

Additionally, the project provides for the renovation of the existing gymnasiums and swimming pool, locker rooms, weight room, and a cardio-exercise facility. These spaces will be fully integrated with the new construction. When complete, the project will include on-site parking for 140 cars on a generously landscaped eight-acre site.

Capacity: Student capacity will be approximately 1400 students.

EXHIBIT C

CHATHAM RIDGE REDEVELOPMENT PLAN

(See Attached)

CHATHAM RIDGE
TAX INCREMENT FINANCING
REDEVELOPMENT PLAN AND PROJECT

AMENDMENT #2

City of Chicago, Illinois

Prepared by:
Teska Associates, Inc.

December 6, 2001

08-11-01 2-1011007

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I. INTRODUCTION

On December 18, 1986, the City Council of the City of Chicago (the "City") adopted ordinances to: 1) approve the Chatham Ridge Redevelopment Area Redevelopment Plan and Project (the "Original Plan and Project"), 2) designate the Chatham Ridge Redevelopment Area (the "Original Redevelopment Area"), and 3) adopt tax increment allocation financing for the Chatham Ridge Redevelopment Area, all pursuant to the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.4-1 et seq. as amended) (the "Act"). It was determined by the Community Development Commission and the Chicago City Council, based on information in the Original Plan and Project prepared by Laventhol and Horwath, that the Original Redevelopment Area on the whole had not been subject to growth and development through investment by private enterprise and would not reasonably be anticipated to be developed without the adoption of the Original Plan and Project. The general land use plan in the Original Redevelopment Area was approved by the Chicago Plan Commission as required under the Act.

On October 30, 1996, the City Council adopted an ordinance amending the Original Plan and Project to add eligible redevelopment project costs to the budget which were not included in the Original Plan and Project ("Amendment No. 1).

The City has determined that a further amendment to the Original Plan and Project and changes to the boundaries of the Original Redevelopment Area are necessary at this time, and such changes are incorporated in this Amendment No. 2 (the "Amendment," and together with the Original Plan and Project, "the Amended Plan and Project"). Specifically, the City of Chicago has determined that expansion of the boundaries of the Original Redevelopment Area are needed to further the goals and objectives of the Original Plan and Project. In addition, the City has determined that certain other changes to the Original Plan and Project are desirable, particularly in recognition of amendments made to the Act since the adoption of the Original Plan and Project, and to increase the amount of estimated redevelopment project costs to reflect new redevelopment projects. Section 2 of this Amendment describes these modifications in detail.

The area to be added to the Original Redevelopment Area is hereafter referred to as the "Amended Area." The Amended Area, shown in Figure A, contains approximately 22.5 acres of land. Portions of the Amended Area are zoned B4-1, R-3, M1-1, and M1-2. The Amended Area is contiguous to the Original Redevelopment Area and includes 29 tax parcels and the contiguous public rights-of-way. The Amended Area contains an industrial enterprise (including two buildings, parking, and storage), Simeon Career Academy, a number of vacant parcels which were formerly occupied by deteriorated buildings, and the adjacent rights-of-way (see Figures A and B). The Amended Area on the whole has not been subject to growth and development by private enterprise and would not reasonably be anticipated to be developed without the adoption of this Amendment to the Original Plan and Project. The analysis of conditions within the Amended Area indicates that it is appropriate for designation as part of the Redevelopment Area (defined below) because it qualifies as a blighted area in accordance with the Act. Section 3 of this Amendment contains a description of the Amended Area, and Section 4 of this Amendment summarizes the conclusions of the eligibility analysis of the Amended Area.

Together, the Original Redevelopment Area and the Amended Area comprise the Chatham Ridge Redevelopment Area (hereafter referred to as the "Redevelopment Area"). Hereafter, every reference in this Amendment, in the Original Plan and Project (except for the physical description of the Original Redevelopment Area or any reference to the adoption by the City Council of an ordinance approving the Original Redevelopment Area), and in the Amended Plan and Project to the "Redevelopment Area" is deemed to include the Amended Area.

The Amended Plan and Project summarizes the analyses and findings of the consultant's work, which unless otherwise noted, is solely the responsibility of Teska Associates, Inc. ("Teska") and its sub-consultants. Teska has prepared this Amendment and the related eligibility report with the understanding that the City would rely (i) on the findings and conclusions of the Amended Plan and Project and the related eligibility report in proceeding with the designation of the Amended Area and the adoption and implementation of the Amended Plan and Project and (ii) on the fact that Teska has obtained the necessary information so that the Amended Plan and Project and the related eligibility report will comply with the Act.

This Amendment includes three appendices. Appendix A contains the legal description for the Chatham Ridge Redevelopment Area, and also includes separate legal descriptions for the Original Redevelopment Area and the Amended Area. Appendix B presents the eligibility analysis for the Amended Area. Appendix C contains the Original Plan and Project, and Appendix D contains Amendment No. 1.

II. MODIFICATIONS TO ORIGINAL PLAN AND PROJECT

Certain modifications to the Original Plan and Project are needed to clarify language, make changes related to an additional redevelopment project, and update provisions affected by recent amendments to the Act. These modifications form the basis for the amendments to the Original Plan and Project as described below.

Redevelopment Area Description

The boundary map, shown in Figure C, has been revised to include the Amended Area. As a result, the Redevelopment Area is now approximately 118.5 acres in size (including approximately 22.5 acres in the Amended Area and approximately 96 acres in the Original Redevelopment Area). The Redevelopment Area now contains a total of 47 tax parcels.

References to Redevelopment Plan

All references in the Original Plan and Project to the "Redevelopment Plan" or the "Redevelopment Plan and Project" shall be deemed to refer to such plan or plan and project, as each has been amended by Amendment No. 1 and this Amendment. The Original Plan and Project, as amended, shall be referred to herein as the "Redevelopment Plan."

Redevelopment Plan Goals and Objectives

The following goal is hereby added to the General Goals set forth on page 10 of the Original Plan and Project, included as Appendix C:

- Provide modern educational facilities to serve residents of adjacent neighborhoods and the City.

The following objectives are hereby added to the Redevelopment Objectives set forth on page 10 of the Original Plan and Project included as Appendix C:

- Assist in the rehabilitation and expansion of Simeon Career Academy.
- Assist in the creation of new residential housing opportunities.
- Establish job readiness and job training programs to provide residents within and surrounding the Redevelopment Area with the skills necessary to secure jobs in the Redevelopment Area.
- Secure commitments from employers in the Redevelopment Area to interview graduates of the Redevelopment Area's job readiness and job training programs.

Additional Redevelopment Project

The Original Project and Plan outlined a redevelopment project which consisted of the construction of a retail shopping center and movie theater complex at the corner of 87th Street and Lafayette Avenue. This project has been successfully completed. In early 2002, ground will be broken for a new residential project, consisting of 99 single family homes in the western portion of the Original Redevelopment Area.

To further enhance the services and amenities available to the residents in and around the Redevelopment Area, the City has added the Amended Area in order to include Simeon Career Academy and the adjacent parcels. As described in Section 3 and the Eligibility Findings in Appendix B, this school is characterized by numerous blighting factors. As outlined in its Capital Improvement Program, the Board of Education of the City of Chicago has determined that the building must be demolished and replaced (with the exception of a recent gymnasium addition). Therefore, the Redevelopment Plan is amended to add the school reconstruction as a Redevelopment Project, including payment of eligible redevelopment project costs as permitted under the Act.

Land Use Plan

The Land Use Plan section on page 21 of the Original Plan and Project, included as Appendix C, is hereby amended to add the Amended Area. The Amended Area is designated for Industrial/Mixed Use and Institutional Use. The area bounded by S. Stewart Avenue, the railroad right-of-way, S. Vincennes Avenue, and 83rd Street is designated for Industrial/Mixed Use. Industrial use is consistent with the existing use and the uses immediately to the east. This category permits industrial and manufacturing businesses, parking, outdoor storage, and warehouse uses as appropriate. In addition, should the industrial user vacate the property, a variety of new uses may be appropriate. New uses may include residential uses (to complement the residential project to the southwest). Any redevelopment on the site must be compatible with the adjacent school and other nearby uses. The area bounded by S. Stewart Avenue, 83rd Street, S. Vincennes Avenue, and 81st Street is designated for Institutional Use. Institutional uses may include schools and their associated athletic, cultural, parking, and other accessory uses.

No changes are required to the land use designations for the Original Redevelopment Area. The eastern portion of the Original Redevelopment Area is shown for Commercial Use, as described in the Original Project and Plan. The western portion of the Original Redevelopment Area is designated for Residential Use. The residential project (consisting of 99 single family homes) which is currently planned for the area is consistent with this designation. The revised Future Land Use Plan for the Redevelopment is shown in Figure D.

Eligible Costs

To make the Redevelopment Plan consistent with the recent amendments to the Act, the following descriptions of eligible redevelopment project costs, and specific policies of the City of Chicago regarding such costs, are hereby added following the section "Development Design Objectives" on pages 21 and 22 of the Original Plan and Project, included as Appendix C:

Eligible Redevelopment Project Costs

The City may incur, or reimburse a private developer or redeveloper for incurring, redevelopment project costs. Redevelopment project costs include the sum total of all reasonable or necessary costs incurred or estimated to be incurred, and any such costs incidental to the Redevelopment Plan. Such costs may include, without limitation, the following:

- 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, financial, planning or other services;

- The cost of marketing sites within the Redevelopment Area to prospective businesses, developers, and investors;
- Property assembly costs, including but not limited to acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, site preparation, site improvements that serve as an engineered barrier addressing ground level or below ground environmental contamination, including, but not limited to, parking lots and other concrete or asphalt barriers, and the clearing and grading of land;
- Costs of rehabilitation, reconstruction, repair, or remodeling of existing public or private buildings, fixtures, and leasehold improvements; and the cost of replacing an existing public building if pursuant to the implementation of a redevelopment project the existing public building is to be demolished to use the site for private investment or devoted to a different use requiring private investment;
- Costs of the construction of public works or improvements as provided by the Act;
- Costs of job training, and retraining projects, including the cost of “welfare to work” programs implemented by businesses located within the Redevelopment Area, advanced vocational education or career education, including but not limited to courses in occupational, semi-technical or technical fields leading directly to employment, incurred by one or more taxing districts, provided that such costs (i) are related to the establishment and maintenance of additional job training, advanced vocational education or career education programs for persons employed or to be employed by employers located in a Redevelopment Area; and (ii) when incurred by a taxing district or taxing districts other than the municipality, are set forth in a written agreement by or among the municipality and the taxing district or taxing districts, which agreement describes the program to be undertaken, including but not limited to the number of employees to be trained, a description of the training and services to be provided, the number and type of positions available or to be available, itemized costs of the program and sources of funds to pay for the same, and the term of the agreement. Such costs include, specifically, the payment by community college districts of costs pursuant to Sections 3-37, 3-38, 3-40 and 3-40.1 of the Public Community College Act (as defined in the Act) and by school districts of costs pursuant to Section 10-22.20a and 10-23.3a of the School Code (as defined in the Act);
- Financing costs, including but not limited to all necessary and incidental expenses related to the issuance of obligations under the Act and which may include payment of interest on any obligations issued thereunder accruing during the estimated period of construction of any redevelopment project for which such obligations are issued, and not exceeding 36 months thereafter and including reasonable reserves related thereto;
- To the extent the City by written agreement accepts and approves the same, all or a portion of a taxing district’s capital costs resulting from the Redevelopment Project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan and Redevelopment Project;
- An elementary, secondary, or unit school district’s increased costs attributable to assisted housing units as provided in the Act;

- Relocation costs to the extent that the City determines that relocation costs shall be paid or is required to make payment of relocation costs by federal or state law;
- Payment in lieu of taxes;
- Interest cost incurred by a redeveloper related to the construction, renovation or rehabilitation of a redevelopment project, provided that
 - a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act; and
 - b. such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with regard to the redevelopment project during that year;
 - c. if there are not sufficient funds available in the special tax allocation fund to make the payment pursuant to this paragraph then the amounts so due shall accrue and be payable when sufficient funds are available in the special tax allocation fund;
 - d. the total of such interest payments paid pursuant to the Act may not exceed 30% of the total (i) cost paid or incurred by the redeveloper for the redevelopment project plus (ii) redevelopment project costs excluding any property assembly costs and any relocation costs incurred by a municipality pursuant to the Act; and
 - e. the 30% limitation in (b) and (d) above may be increased to up to 75% of the interest costs incurred by a redeveloper for the financing of rehabilitated or new housing for low-income households and very low-income households, as defined in Section 3 of the Illinois Affordable Housing Act;
- Up to 50% of the cost of construction, renovation, and/or rehabilitation of all low- and very low-income housing units (for ownership or rental) as defined in Section 3 of the Illinois Affordable Housing Act. If the units are part of a residential redevelopment project that includes units not affordable to low- and very low-income households, only the low- and very low-income units shall be eligible for this benefit under the Act;
- The cost of daycare services for children of employees from low-income families working for businesses located within the Redevelopment Area and all or a portion of the cost of operation of day care centers established by Redevelopment Area businesses to serve employees from low-income families working in businesses located in the Redevelopment Area. For the purposes of this paragraph, "low-income families" means families whose annual income does not exceed 80% of the City, county or regional median income as determined from time to time by the United States Department of Housing and Urban Development.

In the event the Act is amended after the date of the approval of this Redevelopment Plan by the City Council of Chicago to (i) include new eligible redevelopment project costs or (ii) expand the scope or increase the amount of existing eligible redevelopment project costs (such as, for example, by increasing the amount of incurred interest costs that may be paid under 65 ILCS5/11-74.4-3(q)(11)), this Redevelopment Plan shall be deemed to incorporate such additional, expanded or increased eligible costs as eligible costs under the Redevelopment Plan, to the extent permitted by the Act. In the event of such amendment(s), the City may add any new eligible redevelopment project costs as a line item

in Table 1, or otherwise adjust the line items in Table 1 without amendment to this Redevelopment Plan.

In no instance, however, shall such additions or adjustments result in any increase in the total redevelopment project costs without a further amendment to this Redevelopment Plan.

Property Assembly

To meet the goals and objectives of this Redevelopment Plan, the City may acquire and assemble property throughout the Redevelopment Area. Land assemblage by the City may be by purchase, exchange, donation, lease, eminent domain or through the Tax Reactivation Program and may be for the purpose of (a) sale, lease or conveyance to private developers, or (b) sale, lease, conveyance or dedication for the construction of public improvements or facilities. Furthermore, the City may require written redevelopment agreements with developers before acquiring any properties. As appropriate, the City may devote acquired property to temporary uses until such property is scheduled for disposition and redevelopment.

In connection with the City exercising its power to acquire real property, including the exercise of the power of eminent domain, under the Act in implementing the Redevelopment Plan, the City will follow its customary procedures of having each such acquisition recommended by the Community Development Commission (or any successor commission) and authorized by the City Council of the City. Acquisition of such real property as may be authorized by the City Council does not constitute a change in the nature of this Redevelopment Plan.

Property Disposition

Property to be acquired by the City as part of the Redevelopment Project may be assembled into appropriate redevelopment sites. As part of the redevelopment process the City may: (i) sell, lease or convey such property for private redevelopment; or (ii) sell, lease or dedicate such property for construction of public improvements or facilities. Terms of conveyance shall be incorporated into appropriate disposition agreements, and may include more specific restrictions than contained in the Redevelopment Plan or in other municipal codes and ordinances governing the use of land or the construction of improvements.

Rehabilitation of Existing Public or Private Structures

The City of Chicago may provide assistance to encourage rehabilitation of existing public or private structures which will remove conditions which contribute to the decline of the character and value of the Redevelopment Area. Appropriate assistance may include but is not limited to:

- Financial support to private property owners for the restoration and enhancement of existing structures within the Redevelopment Area.
- Improvements to the facade or rehabilitation of public or private buildings.

Public Improvements

The City of Chicago may install public improvements to enhance the Redevelopment Area as a whole, to support the Redevelopment Plan and Redevelopment Project, and to serve the needs of Redevelopment Area residents. Appropriate public improvements may include, but are not limited to:

- Vacation, removal, resurfacing, widening, reconstruction, construction, and other improvements to streets, alleys, pedestrian ways, and pathways;
- Installation of traffic improvements, viaduct improvements, street lighting and other safety and accessibility improvements;
- Development of parks, playgrounds, plazas, and places for public leisure and recreation;
- Construction of public off-street parking facilities;
- Installation, reconstruction, improvement or burial of public or private utilities;
- Construction of public buildings;
- Beautification, lighting and signage of public properties;
- Maintenance of public rights-of-way in privately owned properties;
- Demolition of obsolete or hazardous structures;
- Improvements to publicly owned land or buildings to be sold or leased.

Job Training

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

Developer Interest Costs

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

- a. such costs are to be paid directly from the special tax allocation fund established pursuant to the Act;
- b. such payments in any one year may not exceed 30% of the annual interest costs incurred by the redeveloper with respect to the redevelopment project during that year (or, in the case of redevelopment projects involving the construction or rehabilitation of new housing for low-income households and very low-income households, 75% of such annual interest costs).

Estimated Project Development Costs

The table of estimated redevelopment project costs set forth in Amendment No. 1 is hereby replaced with Table 1 below. Day care expenditures have been added as new line items in the estimated redevelopment project cost budget, to reflect the addition of these costs as eligible costs in recent amendments to the Act. The total expenditures have also been increased to account for new redevelopment projects.

Table 1 Estimated Redevelopment Project Costs (Amended Plan and Project)

Eligible Cost	Amendment No. 1 Project Costs	Amended Project Costs
Property Assembly (including land acquisition, demolition, site preparation, environmental remediation)	\$10,500,000	\$10,500,000
Public Works and Improvements (including streets and utilities, parks and open space, and public facilities such as schools and other public facilities) (1)	\$5,000,000	\$6,500,000
Relocation	\$500,000	\$500,000
Professional Services (analysis, studies, plans, surveys, administration, legal, architectural, engineering, environmental audits, marketing, etc.)	\$1,500,000	\$1,500,000
Developer Interest Costs	\$2,000,000	\$2,500,000
Rehabilitation of Existing Buildings, Fixtures and Leasehold Improvements, Affordable Housing Construction and Rehabilitation	\$5,000,000	\$6,500,000
Job Training, Retraining, Welfare-to-Work	\$500,000	\$1,000,000
Day Care Services	\$0	\$1,000,000
Total Redevelopment Project Costs (2)(3)	\$25,000,000	\$30,000,000 (4)

(1) This category may also include paying for or reimbursing (i) an elementary, secondary or unit school district's increased costs attributed to assisted housing units, and (ii) capital costs of taxing districts impacted by the redevelopment of the Redevelopment Area. As permitted by the Act, to the extent the City by written agreement accepts and approves the same, the City may pay, or reimburse all, or a portion of a taxing district's capital costs resulting from a redevelopment project necessarily incurred or to be incurred within a taxing district in furtherance of the objectives of the Redevelopment Plan.

(2) Total Redevelopment Project Costs exclude any additional financing costs, including any interest expenses, capitalized interest and costs associated with optional redemptions. These costs are subject to prevailing market conditions and are in addition to Total Redevelopment Project Costs.

(3) The amount of the Total Redevelopment Project Costs that can be incurred in the Redevelopment Area will be reduced by the amount of redevelopment project costs incurred in contiguous redevelopment project areas, or those separated from the Redevelopment Area only by a public right-of-way, that are permitted under the Act to be paid, and are paid, from incremental property taxes generated in the Redevelopment Area, but will not be reduced by the amount of redevelopment project costs incurred in the Redevelopment Area which are paid from incremental property taxes generated in contiguous redevelopment project areas or those separated from the Redevelopment Area only by a public right-of-way.

(4) Increases in estimated Total Redevelopment Project Costs of more than five percent, after adjustment for inflation from the date of the Redevelopment Plan adoption, are subject to amendment procedures as provided under the Act.

Sources of Funds to Pay Redevelopment Project Costs

The following language is hereby added on page 25 of the Original Plan and Project (included as Appendix C) under the heading "Sources of Funds":

The Redevelopment Area may, in the future, become contiguous to, or be separated only by a public right-of-way from, other redevelopment project areas created under the Act. The City may utilize net incremental property taxes received from the Redevelopment Area to pay eligible redevelopment project costs (under the Act) or pay obligations issued to pay such costs in other contiguous redevelopment project areas, or those separated only by a public right-of-way, and vice versa. The amount of revenue from the Redevelopment Area made available to support such contiguous redevelopment project areas, or those separated only by a public right-of-way, when added to all amounts used to pay eligible Redevelopment Project costs incurred within the Redevelopment Area, shall not at any time exceed the total Redevelopment Project Costs described in Table 1.

The City, at its sole discretion, may issue general obligation bonds secured by the full faith and credit of the City for the purpose of financing redevelopment project costs. Such bonds may be payable from ad valorem taxes levied against all taxable property in the City of Chicago.

The City may incur redevelopment project costs which are paid for from funds of the City other than incremental taxes, and the City may then be reimbursed for such costs from incremental taxes.

Equalized Assessed Valuation of Properties in the Redevelopment Area

The initial equalized assessed valuation for the Original Redevelopment Area, based on the 1985 equalized assessed value (EAV) for all taxable parcels within the Original Redevelopment Area, is \$1,302,119. The 1985 equalized assessed valuation for the tax parcels included in the Original Redevelopment Area is shown in Table 2.

Table 2 1985 Initial Equalized Assessed Valuation in Original Redevelopment Area

Permanent Index Number	1985 EAV
20-33-305-004	\$0
20-33-305-005	\$1,374
20-33-305-006	\$6,753
20-33-305-010	\$3,608
20-33-305-012	\$0
20-33-305-013	\$0
20-33-305-018	\$0
20-33-305-022	\$39,170
20-33-305-024	\$9,522
20-33-305-025	\$12,535
20-33-305-026	\$0
20-33-305-027	\$112,820
20-33-305-028	\$0
20-33-305-029	\$106,635
20-33-305-030	\$159,606
20-33-411-013	\$634,930
20-33-411-014	\$0
20-33-411-021	\$79,151
20-33-411-022	\$45,936
20-33-411-028	\$90,079
Total	\$1,302,119

Based on the 2000 EAV information, the total EAV of the property within the Amended Area is \$1,144,387. This shall serve as the "initial equalized assessed valuation" for the Amended Area.

Table 3 2000 Equalized Assessed Valuation in Amended Area

Permanent Index Number	2000 EAV
20-33-127-002	\$0
20-33-127-003	\$0
20-33-127-005	\$0
20-33-127-006	\$0
20-33-127-008	\$0
20-33-127-009	\$0
20-33-127-010	\$0
20-33-127-011	\$0
20-33-127-013	\$0
20-33-127-014	\$0
20-33-127-016	\$0
20-33-127-017	\$0
20-33-127-018	\$0
20-33-127-019	\$0
20-33-127-020	\$0
20-33-127-021	\$656
20-33-127-022	\$0
20-33-127-023	\$0
20-33-127-024	\$0
20-33-127-025	\$0
20-33-127-026	\$0
20-33-127-027	\$9,134
20-33-127-028	\$1,641
20-33-127-029	\$1,630
20-33-127-030	\$1,641
20-33-127-031	\$16,565
20-33-127-032	\$0
20-33-127-033	\$3,044
20-33-305-016	\$1,110,076
Total	\$1,144,387

If the 2001 EAV of the property in the Amended Area shall become available prior to the date of the adoption of this Amendment by the City Council of the City, the City may supplement the Amended Plan and Project, prior to or after the passage of such ordinance, with the 2001 EAV without further City Council action, and such updated information shall become the initial EAV which the Cook County Clerk will certify for the Redevelopment Area.

The initial equalized assessed valuation of the Amended Area, as well as that of the Original Redevelopment Area, is subject to final determination and verification by the Cook County Assessor. After verification, the correct figure shall be certified by the County Clerk of Cook County, Illinois.

Anticipated Equalized Assessed Valuation

As described above, the initial equalized assessed value of the Original Redevelopment Area is \$1,302,119. This was the equalized assessed value in 1985. Since that time, the retail redevelopment project, consisting of a shopping center and movie theater complex along 87th Street west of Lafayette, has been implemented. These highly successful developments have resulted in a significant increase in the equalized assessed value of the Original Redevelopment Area, to \$22,336,234 in 2000.

The 2000 equalized assessed value of the Amended Area is currently \$1,144,387. In addition to the residential project at 87th and Parnell (anticipated to begin construction in early 2002), the major anticipated redevelopment project introduced by this Amendment is the reconstruction of Simeon Career Academy. The entire block bounded by W 81st Street, Stewart Avenue, W. 83rd Street, and Vincennes Avenue will be occupied by the reconstructed school facilities. Although this project will represent significant investment in the Amended Area, the equalized assessed value of the Amended Area will actually fall in the near term, as the remainder of the properties on the project site are re-classified as exempt (at which time their equalized assessed value will fall to zero).

Upon completion of development of the Redevelopment Area as anticipated in Figure D, including the reconstruction of Simeon Career Academy and the construction of 99 new single family homes, the anticipated equalized assessed valuation of the entire Redevelopment Area will be approximately \$35 million. The calculation assumes that assessments appreciate at a rate of 2% per year.

Completion of Redevelopment Project and Retirement of Obligations

The first two sentences of the paragraph under the heading "Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs" on page 29 of the Original Project and Plan (attached as Appendix C) are hereby replaced with the following:

With respect to the redevelopment project...
A The Redevelopment Project shall be completed, and all obligations issued to finance redevelopment costs shall be retired, no later than December 31 of the year in which the payment to the City Treasurer as provided in the Act is to be made with respect to ad valorem taxes levied in the twenty-third calendar year following the year in which the ordinance approving this Redevelopment Area is adopted (by December 31, 2010).

Other Elements of the Redevelopment Plan

The following elements are hereby added following the section "Completion of Redevelopment Project and Retirement of Obligations to Finance Redevelopment Costs" on page 29 of the Original Project and Plan (attached as Appendix C):

Affirmative Action and Fair Employment Practices

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

1. The assurance of equal opportunity in all personnel and employment actions, including, but not limited to: hiring, transfer, promotion, discipline, fringe benefits, salary, employment working conditions, termination, etc., without regard to race, color, religion, sex, marital status, parental status, age, disability, national origin, creed, ancestry, sexual orientation, military discharge status, source of income, or housing status.
2. Redevelopers will meet City of Chicago, or Board of Education of the City of Chicago (where applicable), standards for participation of Minority Business Enterprises and Woman Business Enterprises, the City Resident Construction Worker Employment Requirement, and the prevailing wage requirements as required in redevelopment agreements.
3. This commitment to affirmative action will ensure that all members of the protected groups are sought out to compete for job openings and promotional opportunities.
4. Redevelopers will meet City standards for the prevailing wage rate as ascertained by the Illinois Department of Labor to all project employees.

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

With respect to the public/private development's internal operations, all entities will pursue employment practices which provide equal opportunity to all people regardless of race, color, religion, sex, marital status, parental status, age, disability, national origin, creed, ancestry, sexual orientation, military discharge status, source of income, or housing status. Neither party will countenance discrimination against any employee or applicant because of race, color, religion, sex, marital status, parental status, age, disability, national origin, creed, ancestry, sexual orientation, military discharge status, source of income, or housing status. These nondiscriminatory practices will apply to all areas of employment, including hiring, upgrading and promotions, terminations, compensation, benefit programs and educational opportunities.

Anyone involved with employment or contracting activities for this Redevelopment Plan and Project will be responsible for conformance with this policy and the compliance requirements of applicable city, state, and federal laws and regulations.

The City and the private developers involved in the implementation of the Redevelopment Plan and Project will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level for the project being undertaken in the Project Area. Any public/private partnership established for the development project in the Redevelopment Area will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites and facilities at which employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals.

The partnership will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner.

The City shall have the right, in its sole discretion, to exempt certain small business, building owners, and developers from items 1, 2, 3, and 4 above.

Affordable Housing

The City requires that developers who receive TIF assistance for market rate housing set aside at least 20% of the units to meet affordability criteria established by the City's Department of Housing. Generally, this means the affordable for-sale units should be priced at a level that is affordable to persons earning no more than 120% of the area median income, and affordable rental units should be affordable to persons earning no more than 80% of the area median income.

Housing Impact

As set forth in the Act, if the redevelopment plan for a redevelopment project area would result in the displacement of residents from 10 or more inhabited residential units, or if the redevelopment project area contains 75 or more inhabited residential units and a municipality is unable to certify that no displacement will occur, the municipality must prepare a housing impact study and incorporate the study in the redevelopment project plan.

The Amended Area does not contain any residential housing units. The Original Redevelopment Area contains one residential housing unit. Therefore, no housing impact study is required as part of this Redevelopment Plan.

Financial Impact of Redevelopment

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

The City intends to monitor development in the Redevelopment Area and, with the cooperation of the other affected taxing districts, will attempt to ensure that any increased needs are addressed in connection with any particular development.

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

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

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

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

City of Chicago. The City is responsible for the provision of a wide range of municipal services, including: police and fire protection; capital improvements and maintenance; water supply and distribution; sanitation service; building, housing and zoning codes; etc.

Board of Education of the City of Chicago and Chicago School Finance Authority. General responsibilities of the Board of Education include the provision, maintenance and operations of educational facilities and the provision of educational services for kindergarten through twelfth grade.

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

City of Chicago Library Fund. The library fund provides for the operation and maintenance of City of Chicago public libraries.

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

The replacement of underutilized property with new and expanded institutional and residential development, including 99 new single family homes, may cause increased demand for services and/or capital improvements to be provided by these taxing districts. The estimated nature of these increased demands for services on these taxing districts, and the activities to address increased demand, are described below.

Cook County. The replacement of underutilized property with expanded institutional and residential development may cause increased demand for the services and programs provided by the County, particularly those provided to residents. However, many new residents of the Redevelopment Area are likely to relocate from other areas within Cook County. Therefore, no assistance is proposed for Cook County.

Metropolitan Water Reclamation District of Greater Chicago. The replacement of underutilized property with institutional and residential development may cause increased demand for the services and/or capital improvements provided by the Metropolitan Water Reclamation District. As it is expected that any increase in demand for treatment and sanitary and storm sewage associated with the Redevelopment Area will be minimal, no assistance is proposed for the Metropolitan Water Reclamation District.

City of Chicago. The replacement of underutilized property with institutional and residential development may cause increased demand for the services and programs provided by the City, including police protection, fire protection, sanitary collection, recycling, etc. A portion of Redevelopment Project Costs may be allocated to assist in the provision of such increased services, as provided in the Act and in this Redevelopment Plan.

Board of Education of the City of Chicago and Chicago School Finance Authority. The replacement of underutilized properties with residential development may result in additional school-aged children in

the Redevelopment Area. The reconstruction of Simeon Career Academy will represent a significant capital improvement for the Board of Education of the City of Chicago. As provided in the Act and this Redevelopment Plan, a portion of Redevelopment Project Costs may be allocated to assist the Board of Education.

Chicago Community College District #508. The replacement of underutilized properties with institutional and residential development may result in an increase in population within the Redevelopment Area. However, demand for educational services and programs provided by the community college district is not expected to increase significantly, as many new residents of the Redevelopment Area are likely to relocate from other areas within the jurisdiction of the Chicago Community College District #508. Therefore, no assistance is proposed for the Chicago Community College District #508.

City of Chicago Library Fund. The replacement of underutilized properties with institutional and residential development may result in an increase in population in the Redevelopment Area, which may increase demand for library facilities and services. A portion of Redevelopment Project Costs may be allocated to assist the Library Fund.

Chicago Park District. The replacement of underutilized properties with institutional and residential development may increase the population within the Redevelopment Area and subsequent demand for recreational services and programs provided by the Park District. A portion of Redevelopment Project Costs may be allocated to assist the Chicago Park District.

This proposed program to address increased demand for services or capital improvements provided by some or all of the impacted taxing districts is contingent upon: (i) the Redevelopment Projects occurring as anticipated in the Redevelopment Plan, (ii) the Redevelopment Projects resulting in demand for services sufficient to warrant the allocation of Redevelopment Project Costs, and (iii) the generation of sufficient incremental property taxes to pay for the Redevelopment Project Costs listed above. In the event that the Redevelopment Projects fail to materialize, or involves a different scale of development than that currently anticipated, the City may revise this proposed program to address increased demand, to the extent permitted by the Act, without amending this Redevelopment Plan.

III. AMENDED AREA DESCRIPTION

The Amended Area is located approximately 10 miles south of the central business district of Chicago, in the Chatham community area. The Amended Area is bounded by W. 81st Street on the north, S. Stewart Avenue on the east, the railroad right-of-way on the south, and S. Vincennes Avenue on the west. The boundaries of the Amended Area have been carefully established to include only those contiguous parcels of real property and improvements thereon substantially benefitted by the proposed redevelopment project improvements. In total, the Amended Area contains 3 buildings on 29 tax parcels, and consists of 22.5 acres within 2 legal blocks or portions thereof.

A legal description of the Amended Area is included in Appendix A of this document. Appendix A also includes a legal description of the Original Redevelopment Area and a legal description of the Chatham Ridge Redevelopment Area that contains both the Original Redevelopment Area and the Amended Area.

The Amended Area is contiguous to the Original Redevelopment Area and qualifies for designation as a "blighted area." The Amended Area includes only property which is anticipated to be substantially benefitted by the proposed redevelopment project improvements.

The Amended Area consists of: an industrial parcel with two buildings, parking and storage areas; Simeon Career Academy, which is slated for replacement by the Board of Education of the City of Chicago; 26 vacant tax parcels, located north of Simeon on the same block; and the adjacent rights-of-way. The Amended Area is zoned in a variety of residential, industrial, and business zoning districts. As described under Land Use Plan in Section II above, the Amended Area is anticipated to be developed with industrial/mixed use south of W. 83rd Street, and new institutional uses on the Simeon Career Academy site, consistent with the Future Land Use Plan shown in Figure D, and subject to applicable zoning.

IV. ELIGIBILITY OF THE AMENDED AREA FOR DESIGNATION AS A BLIGHTED AREA

The Amended Area on the whole has not been subject to growth and development through investment by private enterprise. Based on the conditions present, the Amended Area is not likely to be developed without the adoption of this Amendment.

Eligibility Factors

An analysis was undertaken to establish whether the proposed Amended Area is eligible for designation as a blighted area in accordance with the requirements of the Act. Based on this analysis, the Amended Area so qualifies.

The Amended Area consists of an improved portion and a vacant portion. In the improved portion of the Amended Area, the blighted designation is based on the predominance and extent of parcels exhibiting the following characteristics:

1. dilapidation
2. deterioration of structures and surface improvements
3. obsolescence
4. presence of structures below minimum code standards
5. lack of ventilation, light, or sanitary facilities
6. lack of community planning
7. lag in growth of equalized assessed value.

The vacant portion of the Amended Area is also eligible for designation as a "blighted area" based on the presence and distribution of:

1. obsolete platting
2. tax and special assessment delinquencies
3. deterioration of structures or site improvements in neighboring areas
4. lag in growth of equalized assessed value

Further, the vacant area qualified as a blighted improved area immediately prior to becoming vacant, which automatically qualifies the vacant area as a blighted area.

The Amended Area Eligibility Report (Appendix B) presents the specific findings regarding the eligibility of the Amended Area.

APPENDIX A:

LEGAL DESCRIPTIONS

1. LEGAL DESCRIPTION OF ORIGINAL REDEVELOPMENT AREA

1 PARCEL I

2 THAT PART OF THE SOUTH 35.00 ACRES (EXCEPT THE EAST 304 FEET AS MEASURED AT RIGHT ANGLES
3 TO THE EAST LINE THEREOF) OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33 ,
4 TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY,
5 ILLINOIS, LYING SOUTH OF THE FOLLOWING DESCRIBED LINE:

6 COMMENCING AT A POINT IN THE EAST LINE OF THE AFORESAID SOUTH EAST QUARTER THAT IS
7 629,10 FEET NORTH OF THE SOUTH EAST CORNER OF THE AFORESAID SECTION 33; THENCE WEST IN
8 A LINE PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTHEAST QUARTER (BEING THE NORTH
9 LINE OF THE SOUTH 300 FEET OF THE NORTH 25.00 ACRES OF THE SAID SOUTH 35 ACRES) TO A
10 POINT THAT IS 450.00 FEET EAST OF THE WEST LINE OF THE AFORESAID EAST HALF OF THE SOUTH
11 EAST QUARTER; THENCE NORTH ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE A
12 DISTANCE OF 51.5 FEET; THENCE WEST ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE
13 AND PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTHEAST QUARTER A DISTANCE OF 450.00
14 FEET MORE OR LESS TO THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID
15 SECTION 33, INCLUDING THAT PART FALLING IN WEST 87TH STREET.

16 PARCEL II

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

23 PARCEL III

24 THAT PART OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 38 NORTH,
25 RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, LYING SOUTH
26 OF THE SOUTH LINE, AND SAID SOUTH LINE EXTENDED WEST, OF LOTS 4 AND 14 IN SEYMOUR
27 ESTATE SUBDIVISION, (A SUBDIVISION OF THE WEST HALF OF THE SAID SOUTHEAST QUARTER), AND
28 INCLUDING 87TH STREET AND HOLLAND ROAD FALLING WITHIN, EXCEPTING THEREFROM THAT
29 PORTION OF THE ABOVE DESCRIBED LAND LYING SOUTH AND ADJOINING LOTS 4 AND 14 IN SAID
30 SEYMOUR ESTATE SUBDIVISION BOUNDED AS FOLLOWS: COMMENCING ON A POINT ON THE
31 CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY, WHICH POINT IS ALSO ON THE
32 SOUTHERLY LINE OF SAID LOT 4, EXTENDED WESTERLY; THENCE EASTERLY ALONG SAID EXTENDED
33 LINE AND THE SOUTHERLY LINES OF SAID LOTS 4 AND 14, 815 FEET, MORE OR LESS; THENCE
34 SOUTHERLY AT RIGHT ANGLES TO THE LAST DESCRIBED LIE 125 FEET, MORE OR LESS; THENCE
35 WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY LINE OF SAID LOTS 4 AND 14, A DISTANCE OF
36 500 FEET; THENCE SOUTHERLY ON A LINE AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, A
37 DISTANCE OF 625.00 FEET; THENCE WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY LINE OF SAID
38 LOTS 4 AND 14, 312.50 FEET MORE OR LESS TO A POINT ON THE EASTERLY BOUNDARY LINE OF THE
39 C&W.I. RAILROAD RIGHT OF WAY; THENCE NORTHWESTERLY ALONG SAID LINE UNTIL INTERSECTING

40 WITH THE LINE OF THE CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY; THENCE
41 NORTHERLY UNTIL REACHING THE POINT OF BEGINNING.

42 PARCEL IV

43 THAT PART OF THE EAST HALF OF THE WEST HALF OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14,
44 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS LYING SOUTHWESTERLY OF
45 THE NORTHERLY LINE OF 83RD STREET, AND SAID NORTHERLY LINE EXTENDED NORTHWESTERLY TO
46 THE WESTERLY LINE OF VINCENNES AVENUE AND SOUTHEASTERLY OF THE WESTERLY LINE OF
47 VINCENNES AVENUE, (EXCEPTING THEREOF THOSE PARTS FALLING IN BLOCKS 1 AND 3 OF WILLIAM
48 O. COLE'S SOUTH ENGLEWOOD PARK SUBDIVISION, A SUBDIVISION OF THAT PART OF SOUTH
49 ENGLEWOOD KNOWN ON THE ORIGINAL PLAT AS STEVEN A. NEWMAN'S PRIVATE GROUNDS IN THE
50 EAST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION RECORDED SEPTEMBER 11, 1873, BOOK
51 5, PAGE 99 AND BLOCK 17 OF THE PLAT OF PART OF SOUTH ENGLEWOOD, A SUBDIVISION OF THAT
52 PORTION OF SAID SECTION, WHICH LIES WEST AND SOUTHWEST OF HOLLAND SETTLEMENT ROAD
53 AND SOUTH AND SOUTHEAST OF VINCENNES AVENUE AND EAST OF THE CENTER LINE OF THE C.R.I.
54 & P.R.R. RECORDED JANUARY 16, 1873, BOOK 3, PAGE 80, AND THOSE PARTS OF 85TH STREET, 86TH
55 STREET AND 87TH STREET WHICH LIE WEST OF THE WEST LINE, AND SAID WEST LINE EXTENDED, OF
56 PARNELL AVENUE INCLUDING THOSE PARTS FALLING IN 83RD STREET, 84TH STREET, 87TH STREET AND
57 VINCENNES AVENUE, AND INCLUDING ALL THOSE OTHER STREETS AND ALLEYS, DEDICATED OR
58 OTHERWISE, FALLING WITHIN SAID LAND OR WHICH MAY REVERT TO THE PUBLIC IN THE FUTURE;
59 BUT EXCEPTING THEREFROM THE PARCEL OF LAND BOUNDED AS FOLLOWS: BY THE EASTERLY
60 BOUNDARY LINE OF THE C & W. I. RAILROAD RIGHT-OF-WAY, THE NORTHERLY LINE OF SOUTH
61 VINCENNES AVENUE, THE NORTHERLY LINE OF WEST 83RD STREET AND THE WESTERLY LINE OF SOUTH
62 STEWART AVENUE, (CONSISTING OF APPROXIMATELY 8.2206 ACRES, MORE OR LESS).

2. LEGAL DESCRIPTION OF AMENDED AREA

1 THAT PART OF THE EAST HALF OF THE NORTHWEST QUARTER, WEST HALF OF THE NORTHEAST
2 QUARTER, WEST HALF OF THE SOUTHEAST QUARTER AND EAST HALF OF THE SOUTHWEST QUARTER
3 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, COOK
4 COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

5 BEGINNING AT A POINT IN THE EASTERLY BOUNDARY LINE OF THE C. & W. I. RAILROAD RIGHT-OF-
6 WAY, SAID POINT BEING 25.00 FEET NORTHWESTERLY OF THE ORIGINAL SOUTHEASTERLY LINE OF
7 SOUTH VINCENNES AVENUE IN THE EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 33,
8 SAID POINT ALSO BEING 974.79 FEET NORTHEASTERLY (AS MEASURED ALONG SAID 25.00 FEET
9 NORTHWESTERLY OF THE ORIGINAL SOUTHEASTERLY LINE OF SOUTH VINCENNES AVENUE), OF
10 NORTH LINE OF WEST 84TH STREET; THENCE SOUTHEASTERLY ALONG SAID EASTERLY BOUNDARY LINE
11 OF C. & W. I. RAILROAD A DISTANCE OF 1395.39 FEET TO A DEFLECTION POINT; THENCE
12 SOUTHEASTERLY BY MAKING AN ANGLE OF 171 DEGREES 52 MINUTES 35 SECONDS TO THE RIGHT,
13 (AS MEASURED FROM NORTHWEST TO SOUTHEAST), A DISTANCE OF 33.26 FEET; THENCE EAST ALONG
14 A LINE PERPENDICULAR TO THE EAST LINE OF SOUTH STEWART AVENUE TO THE EAST LINE (AS
15 WIDENED) OF SAID SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID EAST LINE (AS WIDENED)
16 OF SOUTH STEWART AVENUE A DISTANCE OF 100.00 FEET; THENCE WEST 13.00 FEET TO THE
17 ORIGINAL EAST LINE OF SAID SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID ORIGINAL EAST
18 LINE OF SOUTH STEWART AVENUE TO THE SOUTH LINE OF WEST 83RD STREET; THENCE CONTINUING
19 NORTH ACROSS SAID WEST 83RD STREET TO THE INTERSECTION OF NORTH LINE OF SAID WEST 83RD
20 STREET AND EAST LINE OF SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID EAST LINE OF
21 SOUTH STEWART AVENUE TO THE NORTH LINE OF WEST 81ST STREET; THENCE WEST ALONG NORTH
22 LINE, (EXTENDED EAST AND WEST), OF SAID 81ST STREET TO THE WESTERLY LINE OF SOUTH VINCENNES
23 AVENUE; THENCE SOUTHERLY ALONG WESTERLY LINE OF SAID SOUTH VINCENNES AVENUE TO A
24 DEFLECTION POINT (SOUTH OF 82ND PLACE); THENCE SOUTHWESTERLY ALONG SOUTHWESTERLY LINE
25 OF SAID SOUTH VINCENNES AVENUE TO THE NORTH LINE OF 16 FEET WIDE PUBLIC ALLEY, (NORTH
26 OF WEST 83RD STREET); THENCE SOUTHEASTERLY ACROSS SOUTH VINCENNES AVENUE TO THE POINT
27 OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

3. LEGAL DESCRIPTION OF CHATHAM RIDGE REDEVELOPMENT AREA

1 PARCEL I

2 THAT PART OF THE SOUTH 35.00 ACRES (EXCEPT THE EAST 304 FEET AS MEASURED AT RIGHT ANGLES
3 TO THE EAST LINE THEREOF) OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 33 ,
4 TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY,
5 ILLINOIS, LYING SOUTH OF THE FOLLOWING DESCRIBED LINE:

6 COMMENCING AT A POINT IN THE EAST LINE OF THE AFORESAID SOUTH EAST QUARTER THAT IS
7 629,10 FEET NORTH OF THE SOUTH EAST CORNER OF THE AFORESAID SECTION 33; THENCE WEST IN
8 A LINE PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTHEAST QUARTER (BEING THE NORTH
9 LINE OF THE SOUTH 300 FEET OF THE NORTH 25.00 ACRES OF THE SAID SOUTH 35 ACRES) TO A
10 POINT THAT IS 450.00 FEET EAST OF THE WEST LINE OF THE AFORESAID EAST HALF OF THE SOUTH
11 EAST QUARTER; THENCE NORTH ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE A
12 DISTANCE OF 51.5 FEET; THENCE WEST ON A LINE AT A RIGHT ANGLE TO THE LAST DESCRIBED LINE
13 AND PARALLEL TO THE SOUTH LINE OF THE AFORESAID SOUTHEAST QUARTER A DISTANCE OF 450.00
14 FEET MORE OR LESS TO THE WEST LINE OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SAID
15 SECTION 33, INCLUDING THAT PART FALLING IN WEST 87TH STREET.

16 PARCEL II

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

23 PARCEL III

24 THAT PART OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 38 NORTH,
25 RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, LYING SOUTH
26 OF THE SOUTH LINE, AND SAID SOUTH LINE EXTENDED WEST, OF LOTS 4 AND 14 IN SEYMOUR
27 ESTATE SUBDIVISION, (A SUBDIVISION OF THE WEST HALF OF THE SAID SOUTHEAST QUARTER), AND
28 INCLUDING 87TH STREET AND HOLLAND ROAD FALLING WITHIN, EXCEPTING THEREFROM THAT
29 PORTION OF THE ABOVE DESCRIBED LAND LYING SOUTH AND ADJOINING LOTS 4 AND 14 IN SAID
30 SEYMOUR ESTATE SUBDIVISION BOUNDED AS FOLLOWS: COMMENCING ON A POINT ON THE
31 CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY, WHICH POINT IS ALSO ON THE
32 SOUTHERLY LINE OF SAID LOT 4, EXTENDED WESTERLY; THENCE EASTERLY ALONG SAID EXTENDED
33 LINE AND THE SOUTHERLY LINES OF SAID LOTS 4 AND 14, 815 FEET, MORE OR LESS; THENCE
34 SOUTHERLY AT RIGHT ANGLES TO THE LAST DESCRIBED LIE 125 FEET, MORE OR LESS; THENCE
35 WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY LINE OF SAID LOTS 4 AND 14, A DISTANCE OF
36 500 FEET; THENCE SOUTHERLY ON A LINE AT RIGHT ANGLES TO THE LAST DESCRIBED LINE, A
37 DISTANCE OF 625.00 FEET; THENCE WESTERLY ON A LINE PARALLEL TO THE SOUTHERLY LINE OF SAID
38 LOTS 4 AND 14, 312.50 FEET MORE OR LESS TO A POINT ON THE EASTERLY BOUNDARY LINE OF THE
39 C&W.I. RAILROAD RIGHT OF WAY; THENCE NORTHWESTERLY ALONG SAID LINE UNTIL INTERSECTING
40 WITH THE LINE OF THE CENTER LINE OF SOUTH STEWART AVENUE EXTENDED SOUTHERLY; THENCE
41 NORTHERLY UNTIL REACHING THE POINT OF BEGINNING.

42 PARCEL IV

43 THAT PART OF THE EAST HALF OF THE WEST HALF OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14,
44 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS LYING SOUTHWESTERLY OF
45 THE NORTHERLY LINE OF 83RD STREET, AND SAID NORTHERLY LINE EXTENDED NORTHWESTERLY TO
46 THE WESTERLY LINE OF VINCENNES AVENUE AND SOUTHEASTERLY OF THE WESTERLY LINE OF
47 VINCENNES AVENUE, (EXCEPTING THEREOF THOSE PARTS FALLING IN BLOCKS 1 AND 3 OF WILLIAM
48 O. COLE'S SOUTH ENGLEWOOD PARK SUBDIVISION, A SUBDIVISION OF THAT PART OF SOUTH
49 ENGLEWOOD KNOWN ON THE ORIGINAL PLAT AS STEVEN A. NEWMAN'S PRIVATE GROUNDS IN THE
50 EAST HALF OF THE SOUTHWEST QUARTER OF SAID SECTION RECORDED SEPTEMBER 11, 1873, BOOK
51 5, PAGE 99 AND BLOCK 17 OF THE PLAT OF PART OF SOUTH ENGLEWOOD, A SUBDIVISION OF THAT
52 PORTION OF SAID SECTION, WHICH LIES WEST AND SOUTHWEST OF HOLLAND SETTLEMENT ROAD
53 AND SOUTH AND SOUTHEAST OF VINCENNES AVENUE AND EAST OF THE CENTER LINE OF THE C.R.I.
54 & P.R.R. RECORDED JANUARY 16, 1873, BOOK 3, PAGE 80, AND THOSE PARTS OF 85TH STREET, 86TH
55 STREET AND 87TH STREET WHICH LIE WEST OF THE WEST LINE, AND SAID WEST LINE EXTENDED, OF
56 PARNELL AVENUE INCLUDING THOSE PARTS FALLING IN 83RD STREET, 84TH STREET, 87TH STREET AND
57 VINCENNES AVENUE, AND INCLUDING ALL THOSE OTHER STREETS AND ALLEYS, DEDICATED OR
58 OTHERWISE, FALLING WITHIN SAID LAND OR WHICH MAY REVERT TO THE PUBLIC IN THE FUTURE;
59 BUT EXCEPTING THEREFROM THE PARCEL OF LAND BOUNDED AS FOLLOWS: BY THE EASTERLY
60 BOUNDARY LINE OF THE C & W. I. RAILROAD RIGHT-OF-WAY, THE NORTHERLY LINE OF SOUTH
61 VINCENNES AVENUE, THE NORTHERLY LINE OF WEST 83RD STREET AND THE WESTERLY LINE OF SOUTH
62 STEWART AVENUE, (CONSISTING OF APPROXIMATELY 8.2206 ACRES, MORE OR LESS).

63 PARCEL V

64 THAT PART OF THE EAST HALF OF THE NORTHWEST QUARTER, WEST HALF OF THE NORTHEAST
65 QUARTER, WEST HALF OF THE SOUTHEAST QUARTER AND EAST HALF OF THE SOUTHWEST QUARTER
66 OF SECTION 33, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, COOK
67 COUNTY, ILLINOIS, DESCRIBED AS FOLLOWS:

68 BEGINNING AT A POINT IN THE EASTERLY BOUNDARY LINE OF THE C. & W. I. RAILROAD RIGHT-OF-
69 WAY, SAID POINT BEING 25.00 FEET NORTHWESTERLY OF THE ORIGINAL SOUTHEASTERLY LINE OF
70 SOUTH VINCENNES AVENUE IN THE EAST HALF OF THE NORTHWEST QUARTER OF SAID SECTION 33,
71 SAID POINT ALSO BEING 974.79 FEET NORTHEASTERLY (AS MEASURED ALONG SAID 25.00 FEET
72 NORTHWESTERLY OF THE ORIGINAL SOUTHEASTERLY LINE OF SOUTH VINCENNES AVENUE), OF
73 NORTH LINE OF WEST 84TH STREET; THENCE SOUTHEASTERLY ALONG SAID EASTERLY BOUNDARY LINE
74 OF C. & W. I. RAILROAD A DISTANCE OF 1395.39 FEET TO A DEFLECTION POINT; THENCE
75 SOUTHEASTERLY BY MAKING AN ANGLE OF 171 DEGREES 52 MINUTES 35 SECONDS TO THE RIGHT,
76 (AS MEASURED FROM NORTHWEST TO SOUTHEAST), A DISTANCE OF 33.26 FEET; THENCE EAST ALONG
77 A LINE PERPENDICULAR TO THE EAST LINE OF SOUTH STEWART AVENUE TO THE EAST LINE (AS
78 WIDENED) OF SAID SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID EAST LINE (AS WIDENED)
79 OF SOUTH STEWART AVENUE A DISTANCE OF 100.00 FEET; THENCE WEST 13.00 FEET TO THE
80 ORIGINAL EAST LINE OF SAID SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID ORIGINAL EAST
81 LINE OF SOUTH STEWART AVENUE TO THE SOUTH LINE OF WEST 83RD STREET; THENCE CONTINUING
82 NORTH ACROSS SAID WEST 83RD STREET TO THE INTERSECTION OF NORTH LINE OF SAID WEST 83RD
83 STREET AND EAST LINE OF SOUTH STEWART AVENUE; THENCE NORTH ALONG SAID EAST LINE OF
84 SOUTH STEWART AVENUE TO THE NORTH LINE OF WEST 81ST STREET; THENCE WEST ALONG NORTH
85 LINE, (EXTENDED EAST AND WEST), OF SAID 81ST STREET TO THE WESTERLY LINE OF SOUTH VINCENNES
86 AVENUE; THENCE SOUTHERLY ALONG WESTERLY LINE OF SAID SOUTH VINCENNES AVENUE TO A

87 DEFLECTION POINT (SOUTH OF 82ND PLACE); THENCE SOUTHWESTERLY ALONG SOUTHWESTERLY LINE
88 OF SAID SOUTH VINCENNES AVENUE TO THE NORTH LINE OF 16 FEET WIDE PUBLIC ALLEY, (NORTH
89 OF WEST 83RD STREET); THENCE SOUTHEASTERLY ACROSS SOUTH VINCENNES AVENUE TO THE POINT
90 OF BEGINNING, ALL IN COOK COUNTY, ILLINOIS.

APPENDIX B:

ELIGIBILITY STUDY

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INTRODUCTION

The Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11 - 74.4 - 1, et seq., as amended (the "Act"), stipulates specific procedures which must be adhered to in designating a redevelopment Amended Area. A redevelopment Amended Area is defined as:

"..an area designated by the municipality, which is not less in the aggregate than 1 ½ acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or a combination of both blighted areas and conservation areas" (65 ILCS 5/11-74.4-3(p)).

Section 5/11-74.4-3(b) defines a "blighted area" as:

"...any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where:

(1) If improved, industrial, commercial, and residential buildings or improvements are detrimental to the public safety, health, or welfare because of a combination of 5 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the improved part of the redevelopment project area: Dilapidation ...; Obsolescence ...; Deterioration ...; Presence of structures below minimum code standards ...; Illegal use of individual structures ...; Excessive vacancies ...; Lack of ventilation, light, or sanitary facilities ...; Inadequate utilities ...; Excessive land coverage and overcrowding of structures and community facilities ...; Deleterious land use or layout ...; Lack of community planning ...; Environmental clean-up; and Decline or lagging rate of growth in equalized assessed value.

(2) If vacant, the sound growth of the redevelopment project area is impaired by a combination of 2 or more of the following factors, each of which is (i) present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

(A) Obsolete platting of vacant land ...

(B) Diversity of ownership of parcels of vacant land ...

(C) Tax and special assessment delinquencies exist or the property has been the subject of tax sales under the Property Tax Code...

(D) Deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

(E) .. environmental remediation ...

(F) decline or lag in equalized assessed value ...

(3) If vacant, the sound growth of the redevelopment project area is impaired by one of the following factors that (i) is present, with that presence documented, to a meaningful extent so that a municipality may reasonably find that the factor is clearly present within the intent of the Act and (ii) is reasonably distributed throughout the vacant part of the redevelopment project area to which it pertains:

(A) *The area consists of one or more unused quarries, mines, or strip mine ponds.*

(B) *The area consists of unused railyards, rail tracks, or railroad rights-of-way.*

(C) *The area, prior to its designation, is subject to chronic flooding that adversely impacts on real property in the area as certified by a registered professional engineer or appropriate regulatory agency.*

(D) *The area consists of an unused or illegal disposal site containing earth, stone, building debris, or similar materials that were removed from construction, demolition, excavation, or dredge sites.*

(E) *Prior to the effective date of this amendatory Act of the 91st General Assembly, the area is not less than 50 nor more than 100 acres and 75% of which is vacant (notwithstanding that the area has been used for commercial agricultural purposes within 5 years prior to the designation of the redevelopment project area), and the area meets at least one of the factors itemized in paragraph (1) of this subsection, the area has been designated as a town or village center by ordinance or comprehensive plan adopted prior to January 1, 1982, and the area has not been developed for that designated purpose.*

(F) *The area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area."*

Determination of eligibility of the Chatham Ridge Amended Area (the "Amended Area") for tax increment financing is based on a comparison of data gathered through field observation, document and archival research, and information provided by Cook County, the City of Chicago (the "City"), and the Board of Education of the City of Chicago, against the eligibility criteria set forth in the Act. The eligibility criteria identified as part of the Act are the basis for the evaluation.

Teska Associates, Inc. ("Teska") has prepared this report with the understanding that the City would rely on: (i) the findings and conclusions of this report in proceeding with the designation of the Amended Area as a Redevelopment Area under the Act; and (ii) the fact that Teska has obtained the necessary information to conclude that the Amended Area can be designated as a Redevelopment Area as defined by the Act.

The Amended Area is eligible for designation as a "blighted area." In the improved portion of the Amended Area, this designation is based on the predominance and extent of parcels exhibiting the following characteristics: **dilapidation, deterioration of structures and surface improvements, obsolescence, presence of structures below minimum code standards, lack of ventilation, light, or sanitary facilities, lack of community planning, and lag in growth of equalized assessed value.** The vacant portion of the Amended Area is also eligible for designation as a "blighted area" based on the presence and distribution of **obsolete platting, tax and special assessment delinquencies, deterioration of structures or site improvements in neighboring areas, lag in growth of equalized assessed value, and the status as a blighted improved area immediately prior to becoming vacant.**

DESCRIPTION OF THE AMENDED AREA

The Amended Area is located approximately 10 miles south of the central business district of Chicago, in the Chatham community area. The Amended Area is bounded by W. 81st Street on the north, S. Stewart Avenue on the east, the railroad right-of-way on the south, and S. Vincennes Avenue on the west. The boundaries of the Amended Area have been carefully established to include only those contiguous parcels of real property and improvements thereon substantially benefited by the proposed redevelopment project improvements.

In total, the Amended Area contains 3 buildings on 29 tax parcels, and consists of 22.5 acres within 2 legal blocks or portions thereof.

The Amended Area includes an Improved Area and a Vacant Area as described herein and on Figure 1. The Improved Area includes three tax parcels. One parcel contains Simeon Career Academy ("Simeon"), which is slated for replacement by the Board of Education of the City of Chicago. The second parcel contains two buildings, parking, and storage areas for an industrial enterprise. The third parcel contains a portion of the improved W. 83rd Street right-of-way. The Vacant Area includes 26 vacant tax parcels, located north of Simeon on the same block. For the purposes of defining eligibility under the Act, the Improved Area and the Vacant Area are treated separately.

Figure 1 illustrates the Amended Area, the Improved Area, and the Vacant Area.

ELIGIBILITY FINDINGS FOR THE IMPROVED AREA

Teska, in association with Mann Gin Dubin and Frazier, conducted a field survey of the subject properties in October 2001. Based on an inspection of the improvements and grounds, field notes were taken which recorded the condition of each parcel. Photographs further documented the observed conditions. Additional research was gathered from the Cook County Treasurer's Office, the City Department of Buildings, the Board of Education of the City of Chicago, and the New Construction Managing Architect for Simeon (OWP&P Architects, Inc.).

The Improved Area was reviewed against the criteria for improved properties set forth in the Act. In order to be designated as a blighted area, at least five of the blighting factors must be present to a meaningful extent and reasonably distributed throughout the Improved Area.

Dilapidation

Dilapidation refers to an advanced state of disrepair or neglect of necessary repairs to the primary structural components of buildings or improvements in such a combination that a documented building condition analysis determines that major repair is required or the defects are so serious and so extensive that the buildings must be removed.

As outlined in its Capital Improvement Program, the Board of Education of the City of Chicago has determined that the existing Simeon building is in such a state of disrepair that the building must be replaced. Specifically, problems have been identified with the exterior masonry walls, windows, roofing, lockers, mechanical systems and controls, lighting, and electrical systems. Many of these problems may result from the fact that the building was originally constructed as a factory and was later converted to a school. The extent of required repairs and defects are such that the building must be removed, and therefore this building qualifies as dilapidated. Owing to the size, visibility, and importance of the school in the community, dilapidation contributes to the designation of the Improved Area (see Figure 2).

Deterioration

With respect to buildings, deterioration refers to defects including, but not limited to, major defects in the secondary building components such as doors, windows, porches, gutters and downspouts, and fascia. The field survey found that all three of the three buildings in the Improved Area (100%) are characterized by deterioration. Evidence of such deterioration includes broken windows, damaged loading docks, and deteriorated brick walls. In all three buildings, the age of the buildings (for example, the majority of the

Simeon facility was built in 1928) may have contributed to the difficulty and expense of repairing deteriorated building components. Deterioration is highly visible from public rights-of-way and contributes to a negative image of the Improved Area.

With respect to surface improvements, the condition of roadways, alleys, curbs, gutters, sidewalks, off-street parking, and surface storage areas may evidence deterioration, including, but not limited to, surface cracking, crumbling, potholes, depressions, loose paving material, and weeds protruding through paved surfaces. Deterioration of surface improvements is found on all three of the three parcels in the Improved Area (100%), generally due to the poor condition of paved parking areas and sidewalks.

The extent and widespread distribution of deterioration, both of buildings and surface improvements, has a powerful negative effect upon neighboring properties. The Board of Education of the City of Chicago report "State of the Buildings" acknowledges this relationship, noting that in locations where schools have been improved, *"CPS has gone from having the worst looking building on the blocks to being one of the nicest facilities on the block. The result has been a genuine spread of neighborhood pride that inspires homeowners to upgrade and maintain their property, thus increasing property values in neighborhoods through the city."* Conversely, when buildings or improvements on adjacent properties are in a declining state, a property owner has less incentive to maintain or improve his or her own property. Therefore, deterioration is a contributing factor towards designation as a blighted area (see Figure 3).

Obsolescence

Obsolescence is the condition or process of falling into disuse. Obsolete structures have become ill-suited for the original use.

The need for replacement of the Simeon facility strongly suggests that the school building is obsolete in relation to modern standards. First, the building was initially constructed in 1928 as an industrial/warehouse building, and was later converted to educational use. Given that the building was not constructed for educational use, the size and configuration of the classrooms and corridors do not meet modern standards used by Board of Education of the City of Chicago. Further, outdated electrical systems cannot support the need for computers in classrooms, libraries, and labs. More importantly, Simeon is a vocational career academy, one of 12 Chicago schools with intensified resources to prepare students for careers in numerous fields. Simeon specializes in Business/Finance, Communications, Construction, Cosmetology, Hospitality, Manufacturing, Performing Arts and Transportation. These specialized programs require up-to-date facilities and equipment which cannot be accommodated in the existing building.

Again, owing to the size, visibility, and importance of Simeon in the community, obsolescence contributes towards the designation of the Improved Area as a blighted area (see Figure 4).

Presence of Structures Below Minimum Code Standards

Structures below minimum code standards include all structures that do not meet the standards of zoning, subdivision, building, fire, and other governmental codes applicable to property, but not including housing and property maintenance codes.

According to information provided by the Department of Buildings of the City of Chicago, Simeon has been the subject of a variety of code violations, many of which remained outstanding at the time of data collection. Many of these citations are related to the boiler and electrical systems. Simeon has an enrollment exceeding 1,300 students. In combination with staff, this results in a large number of persons potentially affected by the violations and the corresponding safety and comfort issues. Therefore, the extent and distribution of code violations contribute to the designation of the Improved Area (see Figure 5).

Illegal Use of Individual Structures

Illegal use of individual structures refers to the use of structures in violation of applicable federal, state, or local laws, exclusive of those applicable to the presence of structures below minimum code standards.

The exterior field survey conducted by Teska did not find any uses in violation of local, state or federal regulations. This factor does not contribute to the designation as a blighted area.

Excessive Vacancies

Excessive vacancies refers to the presence of buildings that are unoccupied or under-utilized and that represent an adverse influence on the area because of the frequency, extent, or duration of the vacancies.

All three buildings in the Improved Area are occupied. Therefore, this factor does not contribute towards the designation of the Improved Area.

Lack of Ventilation, Light, or Sanitary Facilities

Inadequate ventilation is characterized by the absence of adequate ventilation for light or air circulation in spaces or rooms without windows, or that require the removal of dust, odor, gas, smoke, or other noxious airborne materials. Inadequate natural light and ventilation means the absence or inadequacy of skylights or windows for interior spaces or rooms and improper window sizes and amounts by room area to window area ratios. Inadequate sanitary facilities refers to the absence or inadequacy of garbage storage and enclosure, bathroom facilities, hot water and kitchens, and structural inadequacies preventing ingress and egress to and from all rooms and units within a building.

The "State of the Buildings" report of the Board of Education of the City of Chicago indicates that clouded polycarbonate windows "prevent students and staff from enjoying daylight and the ability to see outside during school hours. This closed in condition can affect students' academic performance." Simeon contains such windows. In addition, information provided by OWP&P Architects, Inc. indicates that classroom and corridor lighting systems are below standard. Further, both Simeon and the industrial buildings may be characterized by inadequate ventilation (3 of 3 buildings in the Improved Area, or 100%). Despite very cold temperatures on the day of the field survey, windows throughout these buildings were open, suggesting that interior spaces have inadequate ventilation. Therefore, this factor contributes to the designation of the Improved Area (see Figure 6).

Inadequate Utilities

This factor relates to all underground and overhead utilities such as storm sewers and storm drainage, sanitary sewers, water lines, and gas, telephone, and electrical services that are shown to be inadequate. Inadequate utilities are those that are: (i) of insufficient capacity to serve the uses in the Redevelopment Area, (ii) deteriorated, antiquated, obsolete, or in disrepair, or (iii) lacking within the Redevelopment Area.

According to information provided by the City, inadequate utilities is not a factor in the designation of the Improved Area as a blighted area.

Excessive Land Coverage and Overcrowding of Structures and Community Facilities

This factor relates to the over-intensive use of property and the crowding of buildings and accessory facilities onto a site. Examples of problem conditions warranting the designation of an area as one exhibiting excessive land coverage are: the presence of buildings either improperly situated on parcels or located on parcels of inadequate size and shape in relation to present-day standards of development for health and safety and the presence of multiple buildings on a single parcel. For there to be a finding of excessive land coverage, these parcels must exhibit one or more of the following conditions: insufficient provision for light and air within or around buildings, increased threat of spread of fire due to the close proximity of buildings, lack of adequate or proper access to a public right-of-way, lack of reasonably required off-street parking, or inadequate provision for loading and service.

None of the three properties in the Improved Area are characterized by excessive coverage. This factor does not make a contribution to the designation of the Improved Area as a blighted area.

Deleterious Land Use or Layout

Deleterious land uses include the existence of incompatible land-use relationships, buildings occupied by inappropriate mixed-uses, or uses considered to be noxious, offensive, or unsuitable for the surrounding area.

None of the three parcels in the Improved Area display deleterious land uses or layouts. Deleterious land use or layout does not contribute to the designation of the Improved Area as a blighted area.

Lack of Community Planning

Lack of community planning occurs when the proposed Redevelopment Area was developed prior to or without the benefit or guidance of a community plan. This means that the development occurred prior to the adoption by the municipality of a comprehensive or other community plan or that the plan was not followed at the time of the area's development. This factor must be documented by evidence of adverse or incompatible land-use relationships, inadequate street layout, improper subdivision, parcels of inadequate shape and size to meet contemporary development standards, or other evidence demonstrating an absence of effective community planning.

The Improved Area, and indeed much of the city, was developed without the guidance of a comprehensive plan. This lack of planning has resulted in unusual platting, including the parcel located in the middle of the paved area of W. 83rd Street, and the odd triangular shape of the industrial site (making the use and future redevelopment of this site difficult). Therefore, lack of community planning contributes to the designation of the Improved Area as a blighted area (see Figure 7).

Environmental Clean-Up

This factor is relevant when the area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by state or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the Redevelopment Area.

A documented need for environmental clean-up was not found for any of the properties in the Improved Area. Therefore, environmental clean-up does not contribute to the designation of the Improved Area as a blighted area.

Decline in Equalized Assessed Value

This factor can be cited if the total equalized assessed value of the proposed Redevelopment Area has declined for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers (CPI) published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

The table below illustrates the change in the Equalized Assessed Value (EAV) of the Improved Area during the past five calendar years. Since Simeon and the 83rd Street right-of-way are exempt from property taxes, the EAV of the Improved Area reflects the value of the industrial facility lying at the south end of the Improved Area.

Table B-1 History of Equalized Assessed Value of Improved Area

	2000	1999	1998	1997	1996	1995
Total Equalized Assessed Value of Improved Area	1,110,076	837,179	810,916	799,384	860,871	849,712
Percent Change in EAV from Prior Year in Improved Area	32.60%	3.24%	1.44%	-7.14%	1.31%	-
Equalized Assessed Value of City of Chicago (Excluding Improved Area)	44,436,008,724	38,447,235,403	37,218,029,297	36,098,060,675	33,455,834,915	33,099,585,600
Percent Change in City EAV from Prior Year	15.58%	3.30%	3.10%	7.90%	1.08%	-
CPI for All Urban Consumers	3.40%	2.20%	1.60%	2.30%	3.00%	-

2000 and 1997 were reassessment years in Lake Township, in which the Improved Area is located. In the absence of a property sale, building permit activity, demolition, etc., a property in Cook County is reassessed only once every three years. Therefore, the unusual increase in EAV in 2000 can be expected, as the assessor

attempts to account for natural inflation to property values that has not been accounted for in the years since the last reassessment. By contrast, the decrease in EAV in 1997 reflects an explicit decrease in value.

The Improved Area lagged behind the surrounding city as a whole in three of the last five years. The EAV of the Improved Area declined in 1997, while the EAV of the balance of Chicago was increasing. In addition, although the EAV of the Improved Area did increase in 1998 and 1999, the growth lagged that of the balance of the city. Relative to the surroundings, the Improved Area has not experienced appropriate growth in the tax base or shown evidence of private investment which increases the value of properties.

Finally, the percent change in EAV of the Improved Area was less than the CPI for All Urban Consumers in 1996 and 1998, and the Improved Area experienced a negative rate of growth in 1997 even as the CPI was positive. Based on this evidence, decline in EAV is a contributing factor toward the designation of the Improved Area as a blighted area.

ELIGIBILITY FINDINGS FOR THE VACANT AREA

The Vacant Area was reviewed against the criteria for vacant properties set forth in the Act. In order to be designated as a blighted area, at least two of the blighting factors must be present to a meaningful extent and reasonably distributed throughout the Improved Area. Alternatively, at least one of the self-evident blighting factors must be present.

Obsolete Platting

Obsolete platting of vacant land results in parcels of limited or narrow size, or configurations of parcels of irregular size or shape that would be difficult to develop on a planned basis and in a manner compatible with contemporary standards and requirements, or platting that failed to create rights-of-ways for streets or alleys or that created inadequate right-of-way widths for streets, alleys, or other public rights-of-way or that omitted easements for public utilities.

All twenty six parcels in the Vacant Area are characterized by obsolete platting. Although all are located within one block, these parcels were platted as part of several different subdivisions, resulting in a variety of lot sizes, shapes, and widths. Two disconnected alley segments are located in the middle of the block. One parcel is only 15 feet wide, and one has no access to a public right-of-way. These conditions indicate that obsolete platting contributes to the designation of the Vacant Area as a blighted area (see Figure 8).

Diversity of Ownership

This factor can be cited if there is diversity of ownership of parcels of vacant land sufficient in number to retard or impede the ability to assemble the land for development.

Although the 26 parcels in the Vacant Area were held by a diversity of owners until recently, 22 of the properties are now owned by the Board of Education of the City of Chicago (in preparation for the expansion of Simeon). As of October, 2001, the title search indicated that only four properties were owned by entities other than the Board of Education. Therefore, although diversity of ownership may once have been problematic for the Vacant Area, this factor does not currently contribute to the designation of the Vacant Area.

Tax and Special Delinquencies

This factor may be cited if tax and special assessment delinquencies exist, or the property has been the subject of tax sales under the Property Tax Code within the last 5 years. Nearly one of every five properties in the Vacant Area (5 of 26, or 19%) were listed as tax delinquent in October, 2001. This high rate of tax delinquency contributes to the designation of the Vacant Area as a blighted area (see Figure 9).

Deterioration of Neighboring Areas

This factor can be cited if there is evidence of deterioration of structures or site improvements in neighboring areas adjacent to the vacant land.

As described under Deterioration (in the Eligibility Findings for the Improved Area section) above, the adjacent Improved Area is deteriorated. This deterioration occurs with respect to structures and site improvements.

Further, the buildings located around the Vacant Area but outside the Amended Area are also deteriorated. To the east, there are 19 single family homes facing S. Stewart Avenue across from the Vacant Area. There are also 16 garages on these properties, for a total of 35 structures. Nine of these structures, or 26%, are deteriorated. Across S. Vincennes Avenue to the west from the Vacant Area, 9 of 9 single family homes (100%) are deteriorated, and 4 of 4 vacant lots (100%) show deteriorated sidewalks, overgrown vegetation and are generally unsightly.

In light of the widespread deterioration of the adjacent properties, this factor contributes to the designation of the Vacant Area as a blighted area (see Figure 10).

Environmental Clean-Up

This factor can be cited if the area has incurred Illinois Environmental Protection Agency or United States Environmental Protection Agency remediation costs for, or a study conducted by an independent consultant recognized as having expertise in environmental remediation has determined a need for, the clean-up of hazardous waste, hazardous substances, or underground storage tanks required by State or federal law, provided that the remediation costs constitute a material impediment to the development or redevelopment of the redevelopment project area.

A documented need for environmental clean-up was not found for any of the properties in the Vacant Area. Therefore, environmental clean-up does not contribute to the designation of the Vacant Area as a blighted area.

Lag in Growth of Equalized Assessed Value

This factor can be cited if the total equalized assessed value of the proposed Redevelopment Area has declined for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the balance of the municipality for 3 of the last 5 calendar years for which information is available; or is increasing at an annual rate that is less than the Consumer Price Index for All Urban Consumers (CPI) published by the United States Department of Labor or successor agency for 3 of the last 5 calendar years for which information is available.

The table below illustrates the change in the Equalized Assessed Value (EAV) of the Vacant Area during the past five calendar years.

Table B-2 History of Equalized Assessed Value of Vacant Area

	2000	1999	1998	1997	1996	1995
Total Equalized Assessed Value of Vacant Area	34,311	213,795	207,088	195,060	179,125	179,053
Percent Change in EAV from Prior Year in Vacant Area	-83.95%	3.24%	6.17%	8.90%	0.04%	-
Equalized Assessed Value of City of Chicago (Excluding Vacant Area)	44,437,084,489	38,447,858,787	37,218,633,125	36,098,664,999	33,456,516,661	33,100,256,259
Percent Change in City EAV from Prior Year	15.58%	3.30%	3.10%	7.90%	1.08%	-
CPI for All Urban Consumers	3.40%	2.20%	1.60%	2.30%	3.00%	-

The EAV of the Vacant Area dropped dramatically in 2000. In addition, the growth of the EAV of the Vacant Area lagged that of the balance of the city in 1996 and 1999, and fell in 2000 even as the city EAV increased. This meets the statutory requirement for lag in growth of EAV such that this factor contributes to the designation of the Vacant Area.

Of course, the large decline in 2000 EAV is primarily due to the purchase of most of the properties by the Board of Education of the City of Chicago. As a result, these properties have become exempt from property taxes, which reduces the EAV to zero. However, there is evidence to suggest that the change to exempt status is not the only cause of declining EAV in the Vacant Area. Specifically, there are seven properties which are not yet classified as exempt in 2000. In 1999, the EAV of these seven properties was \$41,706. The 2000 EAV of these properties is \$34,311, which corresponds to a decline of 18%. Further, there is significant evidence to suggest that in this case, the value of the Vacant Area would have declined or lagged that of the city even without the exempt status, owing to the previous blighted nature of the area (see Previously Blighted section, below).

Finally, the percent change in EAV of the Vacant Area was less than the CPI for All Urban Consumers in 1996, and the Vacant Area experienced a negative rate of growth in 2000 even as the CPI was positive. Based on this evidence, lag in growth of EAV is a contributing factor toward the designation of the Vacant Area as a blighted area.

Previously Blighted

A vacant area will qualify as blighted if the area qualified as a blighted improved area immediately prior to becoming vacant, unless there has been substantial private investment in the immediately surrounding area.

The Vacant Area has recently been purchased by the Board of Education of the City of Chicago, and all structures in the area were cleared to make way for an expansion of Simeon. Prior to this demolition, a Plat of Survey was prepared by HOH Architects. The Plat indicates there were 26 structures (including 20 one- and two-story buildings, mostly single and multi-family homes, and 6 garages) in the Vacant Area. Although

these buildings were not surveyed regarding eligibility prior to demolition, evidence suggests that they were blighted:

- a. *Age.* Information from the Cook County Assessor's office indicates that these structures were all greater than 35 years of age, including two structures which were 132 years old. These ages are consistent with the existing structures on adjacent blocks. Such advanced age is often highly correlated with dilapidation, deterioration, code violations, vacancy, and other blighting factors. As buildings age, the likelihood of structural and other problems increases, and the cost to repair such problems also increases.
- b. *Dilapidation and Deterioration.* Photographs available from the Cook County Assessor's Office show 8 of the 20 primary buildings prior to demolition. At least 5 are clearly dilapidated in these photos, and the remaining 3 are severely deteriorated. Given that the EAVs of these 8 properties over the last five years are very similar to the EAVs of the other properties in the Vacant Area, it is reasonable to assume that the other buildings in the Vacant Area were similarly dilapidated and deteriorated.
- c. *Code Violations.* Information on building code violations during the 5 year period from October 1996 through October 2001 was provided by the City of Chicago Department of Buildings. During this period, 6 of the 20 primary structures (30%) were cited for code violations. Examples of citations include broken window panes and rotted window frames; rat, mice and roach infestations; water leakage; lack of hot and cold water; defective electrical switches and receptacles; exposed wiring; unsafe building condition requiring demolition; and so on. The nature and extent of the code violations reinforces the supposition that most of these buildings were in extremely poor physical condition.
- d. *Vacancy.* The 2000 Census, prepared by the United States Bureau of the Census, provides information regarding the number of housing units and the population of the Vacant Area. Block 4011 of Census Tract 4404 in Cook County has the same boundaries as the Vacant Area. In April 2000, there were 25 housing units in the Vacant Area, and 24 of those units (96%) were vacant.
- e. *EAV Lag.* As described above, the EAV of the Vacant Area has lagged that of the balance of Chicago in 3 of the past 5 calendar years for which information is available. This holds true even for properties which were not re-classified as exempt (which results in a reduction of EAV to zero). The lag in growth of EAV suggests that the Vacant Area has not been subject to private investment which would reduce the presence of blighted or deteriorated conditions.
- f. *Lack of Investment as Shown by Building Permit Data.* Information on building permits issued during the 5 year period from October 1996 through October 2001 was provided by the City of Chicago Department of Buildings. Seventeen demolition permits were issued in this time period. Despite the poor physical condition of many of the buildings, and the high incidence of code violations, the Department of Buildings issued only 3 building permits representing any type of investment. All three permits were for repair of deteriorated building components such as roof, porch, windows and doors, and only two parcels were involved.

Although the buildings were not surveyed for eligibility prior to demolition, the above information provides strong evidence that the Vacant Area was blighted prior to becoming vacant. Further, as shown by the deterioration of adjacent areas and the lag in growth of EAV in the adjacent Improved Area, there has not been substantial private investment in the immediately surrounding area. Therefore, the Vacant Area qualifies as blighted.

CONCLUSION

Based on the findings contained herein, the Amended Area as a whole qualifies as a blighted area according to the criteria established by the Act. In the Improved Area of the Amended Area, this designation is based on the predominance and extent of parcels exhibiting the following characteristics:

1. Dilapidation (33% of buildings)
2. Deterioration of structures (100% of buildings) and surface improvements (100% of parcels)
3. Obsolescence (33% of buildings)
4. Presence of structures below minimum code standards (33% of buildings)
5. Lack of light, ventilation, or sanitary facilities (100% of buildings)
6. Lack of community planning (100% of parcels)
7. Lag in growth of equalized assessed value (3 of last 5 calendar years)

In the Vacant Area of the Amended Area, the designation as a blighted area is based on the predominance and extent of parcels exhibiting the following characteristics:

1. Obsolete platting (100%)
2. Tax or special assessment delinquencies (19%)
3. Deterioration of neighboring areas (both the Improved Area and the properties to the east and west)
4. Lag in growth of equalized assessed value (3 of last 5 calendar years)

Further, the Vacant Area qualifies as blighted due to the following characteristic:

1. Blighted prior to becoming vacant

Each of these factors contributes significantly to the eligibility of the Amended Area as a blighted area. All of these characteristics point to the need for designation of the Amended Area, to be followed by public intervention in order that redevelopment might occur.

APPENDIX C:

ORIGINAL PLAN AND PROJECT

CHATHAM RIDGE REDEVELOPMENT AREA

REDEVELOPMENT PLAN AND PROJECT

CHICAGO, ILLINOIS

OCTOBER 1986

CHATHAM RIDGE REDEVELOPMENT AREA

REDEVELOPMENT PLAN AND PROJECT

CHICAGO, ILLINOIS

OCTOBER 1986

LETTER OF TRANSMITTAL

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INTRODUCTION

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

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

Report Definitions

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

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

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

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

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

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

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

CHATHAM RIDGE REDEVELOPMENT AREA
AND PROJECT SITE DESCRIPTIONS

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

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

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

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

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

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

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

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

POLICY FOUNDATION

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

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

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

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

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

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

REDEVELOPMENT PLAN GOALS AND OBJECTIVES

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

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

General Goals

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

Redevelopment Objectives

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

CHATHAM RIDGE REDEVELOPMENT AREA ELIGIBILITY

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

A redevelopment project area is:

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

A conservation area is defined by the Act as:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REDEVELOPMENT PLAN

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

Development Strategies

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

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

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

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

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

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

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

Relocation

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

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

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

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

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

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

Development Design Objectives

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

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

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

Estimated Project Development Costs

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

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

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

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

Sources of Funds

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

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

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

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

TOTAL	\$6,269,700

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

Source: First National Realty & Development Company, Inc.

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

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

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

EXHIBIT 2

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

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

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

Source: Cook County Assessor's Office.

**EXHIBIT 3
CHATHAM RIDGE PROJECT SITE
ANALYSIS OF INCREMENTAL TAX REVENUE**

	INCREMENTAL REAL ESTATE TAX REVENUE (1)	INCREMENTAL SALES TAX REVENUE (1)	TOTAL T.I.F. REVENUE

1987	0	0	0
1988	(13,100)	0	(13,100)
1989	393,200	514,666	907,866
1990	583,800	1,082,390	1,666,190
1991	617,500	1,136,510	1,754,010
1992	653,000	1,193,335	1,846,336
1993	685,650	1,253,002	1,938,652
1994	719,933	1,315,652	2,035,585
1995	755,930	1,381,435	2,137,365
1996	793,727	1,450,507	2,244,234
1997	833,413	1,523,032	2,356,445
1998	875,084	1,599,184	2,474,268
1999	918,838	1,679,143	2,597,981
2000	964,780	1,763,100	2,727,880
2001	1,013,019	1,851,255	2,864,274
2002	1,063,670	1,943,818	3,007,488
2003	1,116,854	2,041,009	3,157,863
2004	1,172,697	2,143,059	3,315,756
2005	1,231,332	2,250,212	3,481,544
2006	1,292,899	2,362,723	3,655,622
2007	1,357,544	2,480,859	3,838,403

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

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

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

Nature and Term of Obligations to be Issued

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

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

Provisions for Amendment

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

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

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

APPENDIX A

LEGAL DESCRIPTION OF REDEVELOPMENT AREA

PARCEL I

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

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

PARCEL II

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

PARCEL III

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

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

PARCEL IV

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

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

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

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

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

APPENDIX B

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

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

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

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

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

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

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

APPENDIX D:

AMENDMENT NO. 1

EXHIBIT B
AMENDMENT NO. 1
City of Chicago

Chatham-Ridge Redevelopment Area
Redevelopment Plan and Project

July, 1996

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

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

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

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

EXHIBIT D

**LAW, RULES, AND REGULATIONS
APPLICABLE TO THE BOARD**

CHAPTER V

ADMINISTRATIVE AND FINANCIAL POLICIES

Sec. 5-1. Fiscal and School Year. The fiscal year of the Board of Education shall commence on the first day of July of each year. (Amended 08-15-79; 07-31-91; 03-28-01)

Sec. 5-2. Office Hours. The general offices of the Board of Education shall be open on Monday through Friday each week from 8:00 o'clock A.M. to 5:00 o'clock P.M. (Holidays designated in section 5-3 excepted.) (Amended 07-31-91)

Sec. 5-3. Holidays - Offices. The offices of the Board of Education shall be closed on the following legal holidays: January 1 (New Year's Day); the third Monday in January (the birthday of Dr. Martin Luther King, Jr.); February 12 (Lincoln's birthday); the third Monday in February (Presidents' Day); the first Monday of March (the birthday of Casimir Pulaski); the last Monday in May (Memorial Day); July 4 (Independence Day); the first Monday in September (Labor Day); the second Monday in October (Columbus Day); November 11 (Veteran's Day); any day appointed by the President of the United States or the Governor of the State of Illinois as a day of fast or thanksgiving; the fourth Thursday and Friday in November (Thanksgiving Day Recess); December 25 (Christmas Day); and on such other days as the President, with the approval of or ratification by the Board of Education, may direct. When any such holidays fall on Sunday, the Monday next following shall be held and considered such holiday. (Amended 10-14-70; 08-11-71; 10-25-72; 11-20-85; 07-31-91; 10-25-95; 08-28-96)

Sec. 5-4. Bid Policy. All contracts for supplies, materials or work involving an expenditure in excess of \$10,000.00 shall be award through the recommendations of the Chief Purchasing Officer in accord with the precepts of formal sealed competitive bids to the lowest responsible bidder considering conformity with specifications, terms of delivery, quality and serviceability after due advertisement, except as follows: contracts which by their nature are not adapted to award by competitive bidding, such as contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part; contracts for the printing or engraving of bonds, tax warrants and other evidences of indebtedness; contracts for utility services such as water, light, heat, telephone or telegraph; contracts for the purchase of perishable foods and perishable beverages, contracts for materials and work which have been awarded to the lowest responsible bidder after due advertisement, but due to unforeseen revisions, not the fault of the contractor for materials and work, must be revised causing expenditures not in excess of \$10,000 or 10% of the

contract price, whichever is less; contracts for the maintenance or servicing of, or provision of repair parts for, equipment which are made with the manufacturer or authorized service agent of that equipment where the provision of parts, maintenance, or servicing can best be performed by the manufacturer or authorized service agent; purchases and contracts for the use, purchase, delivery, movement, or installation of data processing equipment, software, or services and telecommunications and interconnect equipment, software, and services; contracts for duplicating machines and supplies; contracts for the purchases of natural gas when the cost is less than that offered by a public utility; purchases of equipment previously owned by some entity other than the district itself; contracts for repair, maintenance, remodeling, renovation, or construction, or a single project involving an expenditure not to exceed \$20,000 and not involving a change or increase in the size, type, or extent of an existing facility; contracts for goods or services procured from another governmental agency; contracts for goods and services which are economically procurable from only one source, such as the purchase of magazines, books, periodicals, pamphlets and reports, and except where funds are expended in an emergency and such emergency expenditure is approved by 3/4 of the Members of the Board. However, the requirements of this section shall not apply when, in the judgment of the General Superintendent of Schools or the Chief Purchasing Officer it is necessary to make repairs and alterations, and purchases of equipment and supplies as a result of an unforeseen combination of circumstances which call for immediate action as a result of fire, accident, threat to the safety, security or well being of students or staff, or other conditions and such action is necessary to protect the property of the Board of Education or the occupants of the buildings, or to prevent interference with school sessions or to protect the safety, security or well being of students and staff. Such expenditures shall be charged to the proper fund and account by the Controller and then be reported each month to the Board of Education by the General Superintendent of Schools or the Chief Purchasing Officer. (Amended 12-27-67; 09-28-79; 10-28-81; 11-19-86; 01-24-96; 06-23-99)

Sec. 5-4.1 Request for Proposals and/or Qualifications. All contracts in excess of \$25,000 for supplies, materials, non-personal services, personal and consulting services or other work, which are not required to be awarded through the competitive Bid Solicitation process pursuant to Board Rule 5-4, except as to emergency expenditures described thereunder and purchases for which the Chief Purchasing Officer has determined only a sole supplier exists, are subject to public solicitation and award through public canvassing of Requests for Proposals or Requests for Qualifications.

The Chief Purchasing Officer shall determine and specify circumstances and conditions where it may be in the best interest of the Board to establish a pre-qualified "pool" of responsible vendors, suppliers, consultants and contractors

through the public canvassing of Requests for Qualifications. The Chief Purchasing Officer shall further establish requirements regarding the use and/or hiring of any and all pre-qualified vendors, suppliers, consultants and/or contractors.

The public canvassing of Solicitations of Bids, Requests for Proposals and/or Qualifications for contracts and purchases shall be authorized and managed by the Chief Purchasing Officer and shall be approved as to legal form by the General Counsel prior to public canvassing. The Chief Purchasing Officer shall establish requirements regarding the publication of any and all Solicitations of Bids, Requests for Proposals and/or Qualifications for contracts and purchases. (Adopted 06-23-99; Amended 02-23-00)

Sec. 5-5. Contract and Bond - Method of Awarding Contracts. Contracts shall be awarded to the lowest responsible bidder upon the recommendation of the Chief Purchasing Officer. No person or business entity shall be awarded a contract if that person or business entity has been convicted of bribery or attempting to bribe a public officer or employee of the Board of Education of the City of Chicago, the State of Illinois, or any other public entity, in that officer or employee's official capacity; nor has been convicted of agreement or collusion among bidders or prospective bidders in restraint of freedom of competition by agreement to bid a fixed price, or otherwise; or has made an admission of guilt of such conduct described above which is a matter of record but has not been prosecuted for such conduct. Ineligibility under this section shall continue for three years following such conviction or admission. For purposes of this section, where an official, agent or employee of a business entity has committed such conduct described above on behalf of such an entity and pursuant to the direction or authorization of a responsible official thereof, the business entity shall be chargeable with the conduct.

Redlined section suspended 08-28-96

~~Unless otherwise prohibited by law, in contracts involving \$10,000.00 or more, a 2% local business preference shall be applied in determining the successful bidder. The Chief Purchasing Officer shall, in the purchase of all supplies, materials or work by competitive sealed bidding, accept the lowest bid price from a responsible local business, provided that the bid does not exceed the lowest bid price from a responsible non-local business by more than two percent (2%). A "local" business is a business authorized to do and doing business under the laws of the City of Chicago, located within the corporate limits of the City of Chicago, which has the majority of its regular, full-time work force located within the City, and which is subject to the City of Chicago taxes. Notwithstanding the 2% local business preference if the lowest responsible bidders both remain equal the successful bidder shall be determined by the bidder whose product is manufactured in Illinois. When among lowest responsible bidders two or more offer~~

~~a product manufactured in Illinois, the successful bidder shall be determined by the bidder offering a product manufactured in Chicago. When there are no bidders offering a product manufactured in Chicago, or in a locality in Illinois outside Chicago, When the bids of the lowest responsible bidders are equal, the successful bidder shall be determined by the date and time of receipt of the bid specification document in the office of the Chief Purchasing Officer. (Amended 01-24-96; 08-28-96)~~

A written contract shall be executed and, when directed by the Board of Education, a bond in an amount sufficient to insure fulfillment of such contract shall be executed by the successful bidder. Such bond to be signed by any responsible surety company approved by the Chief Fiscal Officer or designee and licensed to do business in the State of Illinois. No contract shall be deemed executed or bond accepted until its legal form has been first approved by the General Counsel. (Amended 01-24-96; 02-23-00)

A written contract executed in accordance with the Board Rules shall not be required where the purchase of merchandise is to be made in the open market, no labor is required on the Board premises, and no payment is to be made until delivery and approval of the merchandise or service. (Amended 11-15-78; 09-28-79; 01-24-96)

Sec. 5-6. Deposits, Bid Bonds, Performance Bond. Bid deposits shall not be required when the total of the bid proposals is \$10,000.00 or less, except when required in the discretion of the Chief Purchasing Officer. When a bid deposit shall be required, it shall be so stated in the Solicitation of Bids and Request for Proposals and/or Qualifications and the deposit shall be in a reasonable amount but not in excess of 5% of the total bid proposal. (Amended 11-18-87; 07-31-91; 01-24-96)

The deposit when required, shall be in the form of money order, United States Government bonds, certified check drawn upon some banking institution in good standing and made payable to the order of the Board of Education of the City of Chicago, or a specific bond, or a letter of credit. (Amended 01-24-96)

In lieu of submitting the deposit as herein above provided, a bidder may file with the Board of Education an annual bid bond, the amount of which shall be determined by the Chief Purchasing Officer and the form approved by the Attorney, provided, however, an annual bid bond shall not be accepted on construction work, alterations, and repairs to buildings and grounds. Such bid bond shall in no case be less than \$10,000.00, and shall cover all bid proposals submitted by such bidder during the period of the bond. (Amended 11-18-87; 07-31-91; 01-24-96)

All bid bonds shall be signed by any responsible surety company licensed to do business in the State of Illinois.

No proposal requiring a bid deposit shall be considered unless it is accompanied by the proper deposit or an approved annual bid bond is on file, as herein above provided.

All deposits accompanying a proposal except that of the successful bidder, shall be refunded or returned after the successful bidder has been determined.

A performance bond shall be required for all building construction and building repair work, annual purchases of fuel, and children's transportation services. A performance bond may, in the discretion of the Chief Purchasing Officer also be required for purchases of furniture, apparatus of equipment from one bidder totaling \$25,000.00 or more. A blanket performance bond may be filed by a contractor to cover and insure performance of contracts for installation and repair jobs of which exceed \$1,000.00 provided, however, that no such single bond shall cover more than a total of \$25,000.00 of such contracts. A performance bond shall also be required on all other purchases or contracts when specified by the Chief Purchasing Officer. In lieu of a performance bond a successful bidder may submit a cashier's check or certified check equal to the requirements of the performance bond. (Amended 07-31-91; 01-24-96)

When a performance bond is required, it shall be stated in the Solicitation of Bids and Request for Proposals and/or Qualifications and the bond required shall be in amount sufficient to insure the fulfillment of the contract of the successful bidder. Such bond shall be signed by any responsible surety company licensed to do business in the State of Illinois. (Amended 01-24-96)

The successful bidder's deposit shall be refunded or returned upon the bidder's acceptance of the purchase order and upon the execution and delivery of a performance bond if such is required. (Amended 05-13-70; 01-24-96)

In case of a failure or refusal on the part of a bidder, whose proposal has been accepted, to accept a purchase order issued pursuant thereto, or to execute a contract and performance bond when required, within 10 days from the date of written notice to do so, the deposit of the bidder so failing or refusing may be forfeited and retained by the Board of Education as liquidated damages and not as a penalty - or, when a bid bond has been furnished in lieu of a deposit, the Board of Education may take action on the bond. (Amended 05-13-70)

An unconditional and irrevocable letter of credit addressed to the Board of Education of the City of Chicago in the amount required hereunder, or by the specifications of any solicitation of bids along with an undated draft payable to the Board of Education of the City of Chicago in the amount required, and a letter authorizing the dating and presentment of said documents in the sole discretion of the Board of Education may be supplied in any instance where a surety bond would be required, except in those instances where a surety bond is now or shall in the future be required by law or other cause which requirement and cause shall be recited in the solicitation of bids or request for proposal. (Adopted 03-26-86; 11-19-86)

Sec. 5-7. Bid Procedure. Except as may otherwise be provided by the Board when formal bids are taken, as many bids shall be secured as practicable, basing the solicitation upon a list of prospective bidders that are qualified to provide supplies, materials or work. At least one public notice is to be made at least 10 days before the bid date in a newspaper published in the district and shall simultaneously be posted on a readily accessible bulletin board in the Office of the Chief Purchasing Officer. Each bidder receiving a copy of the solicitation must receive at least 3 days notice of the time and place of such bid opening. All competitive bids for contracts involving an expenditure in excess of \$10,000 must be sealed by the bidder and must be opened by the Chief Purchasing Officer or designate at a public bid opening at which the contents of the bids must be announced. (Amended 01-24-96)

When the stated bid opening day falls upon a holiday as established by the Rules of the Board of Education, the time for receipt and opening of bids shall automatically be continued to the next following business day at the same hour. (Amended 02-28-68; 11-24-71; 10-28-81; 11-19-86; 10-27-98)

Sec. 5-8. Schedule of Bids. When the bids are scheduled, a copy of said schedule shall be posted in the Bureau of Purchases not later than four days following the day on which bids are opened. A schedule of bids, certified by the Chief Purchasing Officer, shall also be forwarded to the Secretary of the Board of Education who shall file the same in a safe place and properly preserve them as part of the official records of the Board of Education. (Amended 01-24-96)

Sec. 5-9. Rejection of Bids. The Board of Education or the Chief Purchasing Officer shall have the right to reject any or all bids or proposals. (Amended 01-24-96)

Sec. 5-10. Expenditures For All Items Which Are Not Required to be Awarded Through a Competitive Bid Solicitation Process. Upon requisition duly signed or authorized by the General Superintendent of Schools, the Chief

Purchasing Officer, the Chief Fiscal Officer or the General Counsel, as appropriate for their respective areas of responsibilities, expenditures for supplies, materials, non-personal services, personal and consulting services or other work which are not required to be awarded through the competitive bid solicitation process pursuant to Board Rule 5-4, up to \$25,000.00 may be made by purchase order charging appropriated funds. Such commitments of less than \$25,000.00 (except real estate) shall be ~~submitted~~ reported to the Board on a monthly basis. Board approval shall be first obtained for all such commitments in excess of \$25,000.

Pursuant to Section 5-12 of these Rules, expenditures under \$25,000 shall be included in the Chief Purchasing Officer's monthly report. (Amended 05-12-82; 09-07-82; 05-09-84; 07-31-91; 01-24-96; 02-23-00; 09-26-01)

Sec. 5-10.1. Expenditures - Personal Service/Consultant.
(Repealed 10-26-01)

Sec. 5-10.2. Expenditures - Pre-Qualified Vendors. The Chief Purchasing Officer shall submit a Board Report each quarter of all expenditures made to pre-qualified vendors showing a list of expenditures made to each pre-qualified vendor as well as an accounting and reconciliation of such individual expenditures against the total expenditures authorized for the applicable pre-qualified pool of vendors. (Adopted 06-23-99)

Sec. 5-11. Fuel. When annual contracts for fuel are to be awarded, the Chief Purchasing Officer shall solicit written proposals upon detailed specifications. Bids shall be solicited as provided in these Rules. The annual contracts when awarded shall be executed in duplicate. A surety bond in an amount equal to the estimated total amount of each contract shall be furnished by the successful bidder, at the bidder's cost, to secure the faithful performance of the terms of the contract. When the Board of Education elects to purchase fuel on the open market, proposals from at least three reputable fuel dealers or operators shall be obtained whenever practicable.

Whenever an emergency exists and it shall be necessary in order to prevent the closing of school building for lack of fuel, the Chief Purchasing Officer shall secure the necessary fuel whenever it is possible to obtain it at a fair market price. (Amended 01-24-96)

Sec. 5-12. Chief Purchasing Officer's Monthly Report. The Chief Purchasing Officer shall submit a report each month of all expenditures made for items not requiring a written contract pursuant to Board Rule 2-5.1, showing a list of expenditures made, the purchase order issued, if any, the prices thereof, the names of those from whom the articles were purchased, and the school,

CONSTRUCTION CONDITIONS

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****These Construction Conditions shall apply to the extent that they are pertinent to individual Projects. The Board reserves the right to unilaterally modify the provisions of these Construction Conditions by giving written notice of such modifications.**

GENERAL CONDITIONS OF THE WORK

1. THE DIRECT CONTRACT

1.1 With respect to any Project, the Direct Contract shall include the following:

1.1.1 The Bid Documents;

1.1.2 Direct Contractor's Response;

1.1.3 Notice of Award;

1.1.4 Notice to Proceed;

1.1.5 Specifications and drawings that may be provided by the Architect or other agents of the Board with the Bid Documents and from time to time;

1.1.6 Change Orders (if any); and

1.1.7 Performance and Payment Bonds as required.

2. OTHER DEFINITIONS AND CONVENTIONS

2.1 As used in the Direct Contract:

2.1.1 Words in the singular include the plural unless the context clearly indicates otherwise.

2.1.2 Gender-specific words include all genders.

2.1.3 Article and section captions are for convenience and do not affect the substance of the article or section.

2.2 Wherever used in any of the Direct Contract documents, these terms have these meanings:

2.3 "Architect" means any person or firm employed by the Board for the purpose of designing and observing the Work embraced in this Direct Contract acting directly or indirectly through any assistants.

2.4 "Attorney" means the general counsel of the Board.

2.5 "Award Criteria Figure" means, in connection with bidding, the amount entered or to be entered on Line 15 of the Board's Canvassing Formula (see CSI Section 00750, Special Conditions for MBE/WBE Economic Participation), corrected for any arithmetic errors.

2.6 "Base Direct Contract Price" means the amount of compensation, based upon Direct Contractor's Bid Price (as adjusted pursuant to 720 ILCS 5/33E-12, if applicable) to be paid for the Work to be performed by the Direct Contractor as adjusted in accordance with authorized Change Orders from time to time.

2.7 "Bid Documents" means the Project Manager's solicitation for bids issued in connection with one or more specific Projects, including the Specifications for the Work and any Addenda, as such Bid Documents have been pre-approved by the Board in writing.

2.8 "Board" means the Chicago School Reform Board of Trustees on behalf of the Board of Education of the City of Chicago.

2.9 "Change Order" means the written order issued by the Project Manager to the Direct Contractor directing changes in the Work and/or the time for completion of the Direct Contract. *All Change Orders are subject to the Board's pre-approval.*

- 2.10 **"Capital Planning"** means a department within the Board's Operations Department or a Board consultant that is charged with, among other things, implementation of the Board's Capital Improvement Program.
- 2.11 **"Chicago Public Schools" or "CPS"** means all of the facilities owned or leased by the Board.
- 2.12 **"City"** means the City of Chicago.
- 2.13 **"Construction Manager"** means the firm engaged by the Board to provide professional construction management services, to design and implement capital projects, supervise various consultants including the Architects, manage and facilitate the scheduling and completion of the Work in accordance with the Direct Contract and within the cost and schedule requirements established by the Board.
- 2.14 **"Day" or "day"** means calendar day unless otherwise specified.
- 2.15 **"Department"** means Department of Operations of the Board.
- 2.16 **"Direct Contractor"** means the contractor that enters into a contract with the Project Manager to perform work for a specific Project.
- 2.17 **"Drawings"** are those included in the Specifications, and additional drawings and sketches, if any, incorporated into the Direct Contract as the Work progresses.
- 2.18 **"Environmental Consultant"** means a consultant engaged by the Board to provide environmental assessments of CPS facilities and to coordinate the identification and remediation of environmental conditions.
- 2.19 **"Final Acceptance"** means the date on which the Architect and Project Manager, acting in conjunction with the Board, have determined that all of the requirements of the Direct Contract Documents have been completed.
- 2.20 **"Notice of Award"** refers to the written notice issued by the Project Manager which awards a specific Project to the Direct Contractor. All Notices of Award require the Board's prior written approval.
- 2.21 **"Notice to Proceed"** refers to the written notice issued by the Project Manager which defines the established date from which the time for performance begins to run. All Notices to Proceed require the Board's prior written approval.
- 2.22 **"PBC"** means the Public Building Commission of Chicago, a municipal corporation and body politic and corporate under Illinois law and record owner of certain CPS properties.
- 2.23 **"Preliminary Acceptance"** means the date on which the Architect and the Project Manager, acting in conjunction with the Board, have determined that the Work required under the Direct Contract has been essentially completed (except for Punch List Work), such that the Users may occupy and fully use the Work, or, if the nature of the Work requires that a Certificate of Occupancy be issued, it means the date of the City's Certificate of Occupancy.
- 2.24 **"Project"** means all Sites at which Work on the Direct Contract will be performed.
- 2.25 **"Project Manager"** means the prime contractor that is entering into the Local Area Network ("LAN") Agreement with the Board to see that the Work described

in the Direct Contract is performed.

- 2.26 "Program Manager," when capitalized, means the firm engaged by the Board to provide certain professional services in connection with the LAN Agreement.
- 2.27 "Property Advisor" means an entity engaged by the Board for the purpose of providing property management services, operations and maintenance activities for various CPS facilities.
- 2.28 "Punch List" or "Punch List Work" means minor adjustments, repairs or deficiencies in the Work as determined by the Architect and Project Manager at the direction of the Board.
- 2.29 "Record Documents" are all documents required under the terms of the Direct Contract to be provided to the Board by the Project Manager including but not limited to shop drawings, mylar as-built drawings, parts manuals, operation and maintenance manuals, contractors' field drawings, project manuals and specifications.
- 2.30 [Intentionally Deleted]
- 2.31 "Schedule of Values" means the detailed list, if any, of the estimated value of each construction activity included in the Base Direct Contract Price (including insurance credits and other credit items required to be listed) that is submitted by the Direct Contractor and approved by the Architect, the Project Manager and the Program Manger, as amended and re-approved from time to time.
- 2.32 "Site" means the location shown on the Drawings within which the Work must be performed under the Direct Contract.
- 2.33 "Subcontractor" means any partnership, firm, corporation or entity other than an employee of the Direct Contractor, who contracts with the Direct Contractor to furnish labor, or labor and materials, at the Site. The term also includes subcontractors of any tier, suppliers, fabricators or manufacturers whether or not in privity with the Direct Contractor.
- 2.34 "User" means the students, their parents, principals, teachers, support staff, volunteers, licensees, and Local School Council members of a particular school.
- 2.35 "Work" means the construction and services required by the Direct Contract, whether completed or partially completed, and includes all other labor, materials, equipment and supplies, plant, tools, scaffolding, transportation, superintendence, insurance, taxes and all other services, facilities and expenses necessary for the Direct Contractor to fulfill the Direct Contractor's obligations. The Work may constitute the whole or a part of the Project.

3. CORRELATION AND INTENT OF THE CONTRACT DOCUMENTS

- 3.1 The Direct Contract is intended to include all items required for the proper execution and completion of the Work. Direct Contractor must provide any item of Work mentioned in the Specifications and not shown on the Drawings, or shown on the Drawings and not mentioned in the Specifications, as if shown or mentioned in both.
- 3.2 The Direct Contractor must coordinate the various parts of the Work so that no part is left in an unfinished or incomplete condition owing to any disagreement between the various Subcontractors or any of the Subcontractors and the Direct Contractor, as to where the work of one begins and ends with relation to the work of the other.
- 3.3 Generally, the Specifications describe work that cannot be readily indicated on the Drawings and indicate types, qualities and methods of installation of the various materials and equipment required for the Work. It is not intended to mention every item of work in the Specifications that can be adequately shown on the Drawings nor to show on the Drawings all items of work described or required by the Specifications even if they are of such nature that they could have been shown on them. Direct Contractor must provide all materials or labor for Work that is shown on the Drawings or is reasonably inferable from them as being necessary to produce a finished Project whether or not the Work is expressly covered in the Specifications.
- 3.4 Except as otherwise noted in these Constructions Conditions, Direct Contractor must furnish materials that are shown on the Drawings and that are not specifically described in the Specifications or Drawings, suitable for the intended use, compatible with adjacent materials, and subject to review for conformity with the intent of the Direct Contract. Installation techniques not specified in the Direct Contract must be in accordance with manufacturer's currently published instructions and industry standards.
- 3.5 The Board may elect to pre-purchase certain major materials, such as structural steel, windows, kitchen equipment, and the like, for use in the Work, and if so, the Direct Contract will describe the procedures established for requisitioning them through the Board.
- 3.6 Where requirements of the Direct Contract differ from what is required under applicable laws, ordinances, rules, regulations, orders, building codes or the requirements of authorities having jurisdiction, Direct Contractor must provide that which the most stringent of them requires, and, except for material discrepancies caused by Architect's errors and omissions, Direct Contractor must provide, within the Base Direct Contract Price, that which is required. Direct Contractor must, whenever there is a discrepancy or apparent discrepancy, seek clarification and approval in advance from the Architect, and especially where a material discrepancy of this nature would result in a claim for extras.
- 3.7 In signing the Direct Contract, the Direct Contractor represents and warrants that the Direct Contractor has visited the Sites, is familiar with local conditions under

which the Work is to be performed with requirements of the Direct Contract.

4. RIGHT OF ENTRY

- 4.1 The Direct Contractor and its Subcontractors and their respective officers, employees, and agents performing the Work are permitted to enter the Site in connection with the performance of the Work, subject to the terms and conditions contained in the Direct Contract and those rules established by the Board. The Direct Contractor must provide advance notice of its intended entry to the principal whenever Work is to be performed at an existing school Site, and also to the Board regardless of the type of Site. Consent to enter a Site given by the principal or the Board does not create, and must not be construed to imply the creation of, any additional responsibilities on the part of the Board.
- 4.2 The Direct Contractor must use, and cause its Subcontractors and their respective officers, employees, and agents to use, the highest degree of care when entering Sites in connection with the Work. The Direct Contractor and its Subcontractors and their respective officers, employees and agents must comply with all instructions and requirements for the use of the Site, and any leases or licenses for the use of the Site, whether the Site is owned or leased by the Board or licensed or leased from the Board.

5. EXPLANATION OF SPECIFICATIONS

- 5.1 Organization of the Specifications into divisions, sections and articles, and arrangement of Drawings is for convenience and does not dictate or determine the trade or craft involved. The separations do not operate to make the Architect an arbiter for the division of responsibility between Direct Contractor and Subcontractors or between Subcontractors, and the separations do not relieve the Direct Contractor from the responsibility of satisfactorily completing the entire Work, regardless of the trade divisions.
- 5.2 The Specifications are of abbreviated or "streamlined" type and include incomplete sentences. Omissions of words or phrases such as "the Contractor must (or shall)", "in conformity therewith", "must (or shall) be", "as noted on the Drawings", "according to the plans", "a", "an", "the", and "all" are intentional. Omitted words and phrases must be supplied by inference in the same manner as they are when a "Note" occurs on Drawings. Words "must (or shall) be" or "must (or shall)" will be supplied by inference where a colon (:) is used within sentences or phrases.
- 5.3 Where "as shown", "as indicated", "as detailed" or words of similar import are used, reference is made to the Drawings accompanying the Specifications unless otherwise stated. Where "as directed", "as required", "as permitted", "as authorized", "as approved", "as accepted", "as selected", or words of similar import are used in the Specifications, the direction, requirement, permission, authorization, approval, acceptance or selection by the Architect is intended unless otherwise stated.
- 5.4 "Provide" means "provide complete in place" or "furnish and install."

6. STANDARD SPECIFICATIONS

- 6.1 Any reference in the Direct Contractor to standard specifications of any society, institute, association or governmental authority (these standard specifications not forming a part of any statute or ordinance, nor otherwise being specified as to edition or date), is a reference to the standard specifications of the organization that are in effect on the 180th Day before the date of the first Advertisement for Bids. If the specifications are revised before completion of any part of the Work to which the revision would pertain, the Direct Contractor may, if approved by the Architect, perform the work in accordance with the revised specifications.

7. OWNERSHIP OF DRAWINGS, SPECIFICATIONS AND MODELS

- 7.1 All copies (in whatever form, including, without limitation, electronic) of Drawings and Specifications furnished by the Architect are the property of the Board. The copies are not to be used on any other work or project whatsoever and, with the exception of the signed Direct Contractor set, are to be returned to the Board on request at the completion of the Work. All models are the property of the Board.

8. THE ARCHITECT, THE BOARD, AND BOARD CONSULTANTS

- 8.1 The Architect will, within a reasonable time, make recommendations on all claims of the Direct Contractor and make decisions on all other matters relating to the execution and progress of the Work and the interpretation of the Direct Contract. The Board will entertain and allow no claim of the Direct Contractor that has not first been approved by the Architect and reviewed and recommended by the Program Manager.
- 8.2 The Architect, the Program Manager and other Board consultants are not liable for Direct Contractor's performance of the Work or for any defects, deficiencies or effects resulting from any of them, or those of any Subcontractor, manufacturer, supplier, fabricator, or any other third party (including anyone working or acting on behalf of any of them).
- 8.3 The services of the Architect, Program Manager and other Board consultants are performed solely for the benefit of the Board. No Direct Contractor, Subcontractor, supplier, fabricator, manufacturer or other third party is entitled to have any claim against them or the Board as a result of the performance or nonperformance of their respective services. *The Direct Contractor must bring this provision to the attention of the Subcontractors, suppliers and other parties with whom it contracts and have them do the same with those with whom they contract.*
- 8.4 The Architect, Program Manager and other Board consultants will not have control over or charge of and will not be responsible for construction means, methods, techniques, sequences or procedures, or for safety precautions in connection with the Work, since these are solely the Direct Contractor's and Project Manager's responsibility. The Architect will not be responsible for the

Project Manager's or Direct Contractor's failure to carry out the Work in accordance with the Direct Contract. The Architect will not have control over or charge of and will not be responsible for acts or omissions of the Project Manager, Direct Contractor, Subcontractors, or their agents or employees, or of any other persons performing portions of the Work.

- 8.5 Except as otherwise provided in the Direct Contract or when direct communications have been specially authorized, the Board, Architect, and Direct Contractor must endeavor to communicate through the Project Manager. Communications by and with the Board's consultants must be through the Program Manager. Communications by and with Subcontractors and material suppliers must be through the Direct Contractor. Communications by and with separate contractors must be through the Board and the Program Manager.

9. APPROVALS

- 9.1 In various places the Direct Contract requires Direct Contractor to obtain approvals from or to submit drawings, notices, claims, or other documents to various persons. In general, it is the intent of the Direct Contract that the Architect, as the person professionally responsible for the design and specifications, and the Board, as owner or in the owner's stead (where another governmental body owns the Project site) have the power of approval and disapproval, while the Program Manager makes recommendations and suggestions to the Board. With respect to submittals, the designation of various persons to receive them does not relieve Direct Contractor or its Subcontractors of any statutory notice requirements, but rather it is intended to speed up recommendations and approvals (or disapprovals) where the actions of several persons is called for.

10. SUBMITTALS AND SUBSTITUTIONS

- 10.1 The Direct Contractor must review, approve and submit to the Architect, shop drawings, product data, samples and similar submittals required by the Direct Contract with reasonable promptness (as outlined in the Specifications) and in the sequence that will cause no delay in the Work or in the activities of the Board or of separate contractors. Submittals made by the Direct Contractor that are not required by the Direct Contract may be returned without action.
- 10.2 The Direct Contractor must not perform any portion of the Work requiring submittal and review of shop drawings, product data, samples or similar submittals until the respective submittal has been approved by the Architect. The Work must be in accordance with approved submittals.
- 10.3 By approving and submitting shop drawings, product data, samples and similar submittals, the Direct Contractor represents that the Direct Contractor has determined and verified materials, field measurements, and field construction criteria related to them, or will do so, and has checked and coordinated the information contained within the submittals with the requirements of the Work and of the Direct Contract.

10.4 The Direct Contractor is not relieved of responsibility for deviations from requirements of the Direct Contract by the Architect's approval of shop drawings, product data, samples or similar submittals unless the Direct Contractor has specifically informed the Architect in writing of the deviation at the time of submittal and the Architect has given written approval to the specific deviation. The Direct Contractor is not relieved of responsibility for errors or omissions in shop drawings, product data, samples or similar submittals by the Architect's approval of them.

10.5 Direct Contractor must identify and submit all proposed substitutions to the Architect for approval at such time as initial submittals are submitted to the Architect. No substitutions are permitted, and Direct Contractor must not make any substitutions, at any time after that, unless one or more specified products or processes becomes unavailable through no fault of the Direct Contractor. Direct Contractor must furnish such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed substitute product or process is acceptable. The burden of proof is on the Direct Contractor both with respect to acceptability of the proposed substitute product or process and with respect to Direct Contractor's lack of fault. When the submittal is due to specified product unavailability through no fault of Direct Contractor, all proposed substitutes must be submitted to the Architect in ample time to permit proper consideration by the Architect. No consideration will be given to incomplete or belated submittals. Failure of the Direct Contractor to plan ahead to obtain a product at a competitive price is not a basis for substitution.

11. NAMED MANUFACTURERS; SPECIFIED PROCESSES

11.1 Terminology. Whenever in the Direct Contract the term "substitute," in any of its forms, is used in connection with products or processes other than those specified it is intended to refer to the products or processes offered in the post-award period. The term "alternate" in connection with products or processes other than those specified is intended to refer to products or processes bid as alternates to the named products or processes.

- 11.2 "Or equal." Whenever any manufacturer's or distributor's brand of product (or trade name or catalog reference) is specified for an item of Work, the words "or equal" are understood to apply, and equal alternates and equal substitutions will be considered unless otherwise expressly stated.
- 11.3 Alternates. If the Direct Contractor proposes to offer an equal alternate to the named product or process, Direct Contractor must do so at the time of bid, clearly identifying the product or process alternate offered, furnishing detailed specifications of the product, supporting data, and samples, and identifying any deviations from the specification. Direct Contractor must furnish with the bid submittal, or at the request of the Board, such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed alternate product or process is acceptable. The alternate so offered is subject to Architect's review and approval to determine its compliance with the specifications, including all performance requirements stated or implied in the specification. If the Direct Contractor's bid lacks any of the foregoing information, Direct Contractor must furnish the named product or process. **NO ALTERNATE WILL BE CONSIDERED FOR ACCEPTANCE IF NOT BID.**
- 11.4 Processes with Guaranteed Results. Whenever a particular process is specified and also requires a guarantee of the results, and if the Direct Contractor judges that the process might not produce the required result, the Direct Contractor must include in its bid an alternate process that Direct Contractor would guarantee, or if the requirements of Section 10.5 are met, submit for approval a substitute process that Direct Contractor would guarantee.
- 11.5 Substitutions. All proposals for substitute products or processes must be made in writing to the Architect in accordance with the following procedures:
- 11.5.1 Requests for approval of products or processes other than those specified must be accompanied by proof, satisfactory to the Board and Architect that:
- (i) they are equal in quality, availability, and serviceability to the specified products;
 - (ii) their use will not entail changes in details and construction of related Work;
 - (iii) they are acceptable in consideration of the required design and artistic effect and function;
 - (iv) there will be a cost advantage to the Board.
- 11.5.2 Direct Contractor must furnish with the submittal pursuant to the provisions of Section 10.5, or at the request of the Board, such drawings, specifications, samples, performance data and other information and as many as required to assist the Architect in determining whether the proposed substitute product or process is acceptable.

12. ARCHITECT'S ADDITIONAL INSTRUCTIONS

- 12.1** The Architect will furnish with reasonable promptness additional instructions by means of drawings or otherwise, necessary for the proper execution of the Work. All such instructions must be consistent with the Direct Contract, or approved modifications of or true developments from them, and reasonably inferable from them. Direct Contractor must cause the Work to be executed in conformity with the Direct Contract and the additional instructions and must do no work without proper drawings or instructions. In giving additional instructions, the Architect has authority to make minor changes in the Work consistent with the intent of the Direct Contract and involving no extra cost (but not those granting additional time).
- 12.2** Wherever typical parts or sections of the Work are completely detailed on the Drawings and other parts of sections that are essentially of the same construction are shown in outline only, the complete details apply to the Work that is shown in outline.
- 12.3** Direct Contractor must not determine dimensions of Work by scale or rule, but rather must follow figured dimensions at all times. If figured dimensions are lacking and cannot be calculated from other dimensions on Drawings, the Architect must supply them at Direct Contractor's request.

13. CONSTRUCTION SCHEDULES

- 13.1. TIME IS OF THE ESSENCE IN PROSECUTING AND COMPLETING THE WORK.** The Direct Contractor, within 15 working days after being awarded the Direct Contract (by Notice of Award), must prepare and submit for the information of the Board, the Architect, and the Program Manager, a construction schedule for the Work, prepared in form and substance acceptable to or as specifically prescribed by the Board. The construction schedule must not exceed time limits for the Work in the Project Schedule under the Direct Contract. The construction schedule must accommodate all Board and User activities that are identified in the Direct Contract; must be updated by the Direct Contractor and Project Manager and submitted to the Program Manager at least monthly or more frequently as directed by the Architect or the Program Manager. The construction schedule must be related to the entire Project to the extent required by the Direct Contract, and must provide for expeditious and practicable execution of the Work.
- 13.2.** Direct Contractor and Project Manager must submit the construction schedule to the Program Manager in duplicate, and, if requested by the Program Manager, also on floppy disk in format acceptable to the Program Manager. The Project Manager must submit a revised construction schedule when the Direct Contractor's planned sequence is changed or when contract changes are made that affect the construction schedule or when directed by the Program Manager. All construction schedules are subject to review and approval by the Architect and the Program Manager.

14. BOARD'S RIGHT TO DO WORK

- 14.1.** If the Direct Contractor neglects to prosecute the Work properly or fails to

perform in accordance with the Direct Contract, the Board, after at least 3 business days' written notice to the Project Manager, may without prejudice to any other remedy, make good the deficiencies and deduct the cost of doing so from the payment then or later due the Project Manager.

- 14.2. If the cost of all Work undertaken by the Direct Contract exceeds the unpaid balance of the Base Direct Contract Price, the Direct Contractor and the Project Manager (and the surety or sureties on the performance bond given by each of them) are liable for payment to the Board of the amount of the excess.

15. BOARD'S RIGHT TO STOP WORK

- 15.1. If the Direct Contractor fails to correct Work that is not in accordance with the requirements of the Direct Contract or persistently fails to carry out Work in accordance with the Direct Contract, the Board, by written order, may order the Project Manager to direct the Direct Contractor to stop the Work, or any portion of it, until the cause for the order has been eliminated.

16. CONTRACT DOCUMENTS AND SUBMITTALS FOR THE WORK

- 16.1. The Direct Contractor must keep one complete set of all Site-related Direct Contract, including Drawings, Specifications and one complete set of submittals at the Sites in good order, available to the Board, the Architect, Program Manager, and the Project Manager. The Direct Contractor must keep the Drawings, Specifications and submittals up to date by replacing obsolete sheets with revised sheets as they are issued.
- 16.2. The Direct Contractor must carefully study and compare the Direct Contract with information furnished by the Board and must at once report to the Architect and Project Manager errors, inconsistencies or omissions discovered. The Direct Contractor is not liable to the Board, Project Manager or Architect for damage resulting from errors, inconsistencies or omissions in the Direct Contract unless the Direct Contractor recognized, or should have recognized, the error, inconsistency or omission and knowingly failed to report it to the Architect. If the Direct Contractor performs any construction activity knowing it involves a recognized error, inconsistency or omission in the Direct Contract without the notice to the Architect (with copies to the Project Manager and Program Manager), the Direct Contractor assumes appropriate responsibility for the performance and will bear an appropriate amount of the attributable costs for correction.
- 16.3. The Direct Contractor must take field measurements and verify field conditions and must carefully compare the field measurements and conditions and other information known to the Direct Contractor with the Direct Contract before commencing activities. Direct Contractor must report errors, inconsistencies or omissions discovered to the Architect and Project Manager at once.
- 16.4. The Direct Contractor must perform the Work in accordance with requirements of the Direct Contract. See Article 10 above regarding deviations in submittals.

17. SUPERVISION OF THE WORK

- 17.1. The Direct Contractor must immediately upon issuance of the Notice to Proceed with any portion of the Work furnish a competent staff, sufficient in number, as necessary for the proper administration, coordination, and supervision of the Work within the Project Schedule as established in the Direct Contract and approved by the Board; organize the procurement of all materials and equipment so that they will be available at the time they are needed for the Work; and keep a force of skilled workers on the Site sufficient in number to complete the Work in accordance with all requirements of the Direct Contract and to the entire satisfaction of the Architect.
- 17.2. Before beginning the Work, the Direct Contractor must select a manager who will have full responsibility for the prosecution of the Work with full authority to act in all matters as necessary for the proper coordination, direction, commitment of resources and technical administration of the Work. Such manager must attend meetings at the places and times as the Board, Project Manager, or Architect decides in order to render reports on the progress of the Work. The Direct Contractor is solely responsible for and has control over construction means, methods, techniques, sequences and procedures and for coordinating all portions of the Work under the Direct Contract.
- 17.3. The Direct Contractor must keep on the Project throughout its duration a competent superintendent and any necessary assistants, all of whom must be satisfactory to the Board, Architect, and Project Manager. The superintendent must be present at the Site when Direct Contractor's personnel and/or Subcontractors are present. The superintendent must not be replaced without the consent of the Board, Architect and Project Manager unless the superintendent proves to be unsatisfactory to the Board (in which case the superintendent must be replaced on the Project) or becomes unavailable due to reasons beyond the control of Direct Contractor. In order to replace the superintendent, the Direct Contractor must give the Board, Architect, and Project Manager written notice and submit for approval the qualifications of the proposed replacement superintendent at least 15 Days before the intended change. The superintendent represents the manager in the absence of the Direct Contractor's principals and all directions given to the superintendent are as binding as if given to the Direct Contractor. All directions must be confirmed in writing to the Direct Contractor.
- 17.4. The Direct Contractor must efficiently supervise the Work using its best skill and attention.
- 17.5. The Direct Contractor is solely responsible for properly laying out the Work, and for all lines, elevations and measurements for all of the Work executed under the Direct Contract. The Direct Contractor must verify the figures shown on the Drawings before laying out the Work and will be held responsible for any errors or inaccuracies resulting from the failure to do so.

18. HOURS OF WORK

- 18.1. The Direct Contractor must furnish sufficient forces and work those shifts that may be required to ensure completion of the Work under the conditions and within the time stated in the Direct Contract. If the nature of the Work requires that parts of it be performed outside of regular working hours, the cost of the work is considered to be included in the Base Direct Contract Price. If the Project falls behind schedule, the Direct Contractor will be required to perform and must perform the Work by extra shifts or on overtime basis as may be necessary to complete the Work on time, the cost of that is considered to be included in the Base Direct Contract Price.
- 18.2. The Direct Contractor will not be entitled to additional compensation for extra shifts or overtime work for any reason or claim of whatever nature except as otherwise expressly stated in writing by the Project Manager, with pre-approval of the Board; and then only to the extent of the direct cost of the premium portion of the time involved and without any charge for mark up, insurance or taxes, except as might otherwise be required by law.
- 18.3. The Site may be occupied during construction. Direct Contractor must cooperate fully with the Board, Project Manager, Program Manager, Property Advisor, Architect, and the User during construction operations to minimize conflicts, interference and to facilitate occupant usage and operations.
- 18.4. During occupied hours, the Direct Contractor must limit construction operations to methods and procedures that will not adversely and unduly affect the environment of occupied spaces, including but not limited to creating noise, dust, odors, air pollution, ambient discomfort, or poor lighting.

19. EMPLOYEES

- 19.1. Any employee of the Direct Contractor or a Subcontractor whose work is unsatisfactory or who is considered by the Board, Architect or Project Manager to be unskilled or otherwise objectionable, must be dismissed from the Work upon written notice to the Direct Contractor.

20. BUILDING MATERIALS AND EQUIPMENT

- 20.1. Unless otherwise specified, all materials and equipment must be new, and of the quality required to satisfy the standards of the Direct Contract. The Direct Contractor must, if required, furnish satisfactory evidence as to kind and quality of all materials and equipment. Direct Contractor must cause all labor to be performed by workers skilled in their respective trades, and workmanship must be of good quality so that first class work in accordance with the standards of construction set forth in the Direct Contract will result.
- 20.2. Any work, materials or equipment that do not conform to these requirements or the standards set forth in the Direct Contract may be disapproved and rejected by the Project Manager or Architect, in which case Direct Contractor must remove and replace them before final payment.

- 20.3. The Direct Contractor must keep proper inventories, provide adequate protection against the weather and maintain security measures against theft and vandalism with respect to all stored materials, fixtures and equipment for items stored on-site and not yet incorporated into the Work.
- 20.4. The Site must not be utilized for the storage of vehicles, materials, equipment, or fixtures not intended for the Project.
- 20.5. The Direct Contractor must review any specified construction or installation procedures (including those recommended by any product manufacturer). The Direct Contractor must advise the Architect and Project Manager, in writing 7 Days before beginning the Work, on items affected:
- 20.5.1. if any specified procedure deviates from good construction practice;
- 20.5.2. if following any specified procedure will affect any warranties; or,
- 20.5.3. of any objections that the Direct Contractor may have to any specified procedure.

21. SALVAGE RIGHTS

- 21.1. The Board reserves all salvage rights in existing art works, structures, materials, and artifacts of intrinsic, artistic, or historical value. Whenever Direct Contractor must remove or demolish such things before beginning renovation or other construction, Direct Contractor must request the Board's approval in advance and obtain specific direction on handling salvageable items.

22. INDEMNIFICATION/NONLIABILITY

- 22.1. Indemnity. Direct Contractor agrees to indemnify and hold harmless the Program Manager and the Board, its members, trustees, employees, agents, officers and officials, from and against any and all liabilities, losses, penalties, damages, expenses (including litigation costs and reasonable attorney's fees) which arise out of or are directly related to a claim, lien, damage, obligation, action, suite, judgment or settlement caused by the negligent acts or omissions of Direct Contractor or its officers, agents, employees, or subcontractors in the performance of Work pursuant to this Agreement. This obligation includes, but is not limited to, the unauthorized use of any trade secrets, U.S. patents or copyright infringements by Direct Contractor, or its officers, agents, employees, or its subcontractors in the performance of its Work pursuant to this Agreement.
- 22.2. Cost and Expense. Direct Contractor shall, at its own cost and expense, appear, defend and pay all attorneys' fees, other costs and expenses arising hereunder. In addition, if any judgment shall be rendered against the Program Manager or the Board or any other party entitled to indemnification hereunder in any such action, Direct Contractor shall, at its own expense, satisfy and discharge same.
- 22.3. Right to Participate. The Board and any other party entitled to indemnification hereunder shall have the right, at its option and at its own expense, to participate in the defense of any suit, without relieving Direct Contractor of any of its obligations hereunder.
- 22.4. Separate Obligations. Direct Contractor expressly understands and agrees that the indemnity obligations set forth herein are separate from and not limited by the

insurance provisions contained in Article 23 herein.

22.5 **Survival.** The indemnities set forth herein shall survive the expiration or termination of this Agreement.

22.6 **Non-Liability.** Direct Contractor agrees that neither the Program Manager nor any Board member, trustee, employee, agent, officer or official shall be personally charged by Direct Contractor, its members if a joint venture, or any of Direct Contractor's subcontractors with any liability or expense under this Agreement or be held personally liable under this Agreement to Direct Contractor, its member if a joint venture, or any of its subcontractor.

23. INSURANCE

Direct Contractor's insurance requirements are set forth in Exhibit A-1 to the Construction Conditions.

24. TAXES

24.1. The Direct Contractor must pay all applicable federal, state and local taxes on all materials, labor or services furnished, and all taxes arising out of the operations under this Direct Contract. The taxes include, by way of illustration and not in limitation, Retailers' Occupation, Old Age Benefit, Unemployment, customs, duties, all deductions for income taxes now in force or later enacted before Final Acceptance. The Direct Contractor assumes all liability for the payment of any unemployment benefits payable under any federal or state law to individuals employed by it during the progress of the Work covered by this Direct Contract. This requirement excludes taxes and assessments on real property comprising the Site and Illinois, County and Municipal Retailers' Occupation and Service Occupation Taxes and Illinois Use, Sales and Service Use Taxes on building materials and fixtures to be incorporated into the Work but does include the taxes on building materials and equipment consumed or used in performing the construction, but not incorporated in it.

24.2. The Chicago Board of Education is exempt from federal Excise Taxes by virtue of Exemption Certificate No. 36-600584 and it is exempt from State of Illinois Sales Taxes by virtue of Exemption No. E9997-7109. Illinois Retailers' Occupation Tax, Use Tax, and Municipal Retailers' Occupation Taxes do not apply to materials or services purchased by the Board by statute. The price or prices quoted in bids and proposals must include all taxes, direct or indirect, that do apply and must comply with all relevant federal laws and regulations.

25. ROYALTIES AND PATENTS

25.1. The Base Direct Contract Price is considered to and must include all fees for any patent invention, article or arrangement or other appurtenances that may be used upon or in any manner connected with the construction, erection or maintenance

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

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

26. PROJECT LABOR AGREEMENT

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

27. TRADE REGULATIONS

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

28. PERMITS, LAWS AND REGULATIONS

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

29. WARRANTY

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

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

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

30. MANUFACTURERS' WARRANTIES

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

31. ACCIDENTS

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

32. DELAYS AND EXTENSION OF TIME

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

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

- 32.2.1. any act or omission whatsoever (including without limitation suspensions of the Work for any reason and delays pending a decision) of the Board, Architect, Program Manager, Project Manager, or the agents or employees of any of them, or
 - 32.2.2. any other contractor employed by the Board, or
 - 32.2.3. changes ordered in the Work, or
 - 32.2.4. strikes, lockouts, fire, unusual delay in transportation, unavoidable casualties, or any other causes beyond the Direct Contractor's control that would not reasonably be expected to occur in connection with or during performance of the Work (except for weather delays caused by typical Chicago weather extremes that Direct Contractor should have anticipated in Direct Contractor's schedule for the Work), or
 - 32.2.5. delay in obtaining required permits where the delay was not caused in whole or in part by Direct Contractor.
- 32.3. No claim for an extension of time will be considered unless the Direct Contractor makes it in writing, specifying the reason for the delay, and submits it to the Project Manager within 7 Days after the delay begins. In case of a continuing cause of delay, only one claim is necessary.
- 32.4. The Direct Contractor and its Subcontractors are not entitled to any damages or compensation, or to be reimbursed, by the Project Manager for any losses on account of any delay or delays resulting from any cause whatsoever.

33. CLAIMS AND DISPUTES

- 33.1. Direct Contractor must present all disputes arising under this Direct Contract or its interpretation, whether involving law or fact (or both) or extra Work, and all claims for alleged breach of contract within ten (10) Days after the dispute or the breach begins, by notice in writing to the Project Manager. Such notice will then be submitted to the Board's Chief Purchasing Officer, with copies to the Attorney and Program Manager. For purposes of this Article 33, both disputes and claims, liquidated or otherwise, will be referred to as "claims." All papers pertaining to claims must be filed in quadruplicate with the Chief Purchasing Officer, with one additional copy each to the Attorney and Program Manager.
- 33.2. The notice must detail the amount (if any) of the claim (if the Work that is the subject of the claim has been completed) and must in any event state the facts surrounding the claim in sufficient detail to identify it, together with its character and scope. In the meantime, and regardless of the outcome and resolution of the claim, during the pendency of the dispute the Direct Contractor must proceed with the Work as directed and maintain the construction schedule. The Chief Purchasing Officer or designee will render a determination in writing; any factual findings that are part of the written determination are binding on both the Project Manager and Direct Contractor.
- 33.3. Any claim not presented within the time limit specified in this Section 33 will be

considered to have been waived.

33.4. If the amount of a claim was not known at the time notice of it was required to be given under this Article 33, Direct Contractor must, within 10 Days after the Work is completed, submit in detail its claim and proof of claim.

33.5. No action on this Direct Contract for the recovery of any claim is sustainable in any court of law or equity unless Direct Contractor begins it within either (a) 12 months following the date the Board formally denies the claim or (b) 90 Days after Preliminary Acceptance of the Work, whichever is the earlier.

34. SUBCONTRACTS

34.1. The Direct Contractor must, before the Direct Contract is fully signed, notify the Project Manager and Architect in writing of the names of Subcontractors proposed for the principal parts of the Work and those other parts of the Work as the Project Manager and Architect may direct, with a written statement containing the information that they may require concerning the experience, ability, and responsibility of each proposed Subcontractor and the scope of the subcontract. The Direct Contractor must not later substitute another Subcontractor without the prior approval of the Project Manager and the Board.

34.2. Subject to the provisions above, the Direct Contractor is liable to the Project Manager and the Board for the acts and omissions of its Subcontractors and of persons either directly or indirectly employed by the Subcontractor, as the Direct Contractor is for the acts and omissions of persons directly employed by it.

34.3. Each Subcontractor must report to the Architect and Project Manager before beginning the Work and when resuming Work after an absence from the Project.

35. RELATIONS OF DIRECT CONTRACTOR AND SUBCONTRACTORS

35.1. The Direct Contractor must inform every Subcontractor that it is bound, and every Subcontractor is bound, by the terms of the Direct Contract as far as applicable to its Work, including the following provisions of this Article, unless specifically noted to the contrary in a subcontract approved in writing as adequate by the Project Manager or Architect.

35.2. Nothing in this Article creates any obligation on the part of the Project Manager or the Board to pay or to see to the payment of any sums to any Subcontractor.

35.3. The Subcontractor:

35.3.1. is bound to the Direct Contractor by the terms of the Direct Contract and assumes toward the Direct Contractor all the obligations and responsibilities that the Direct Contractor, by the documents, assumes toward the Project Manager and the Board.

35.3.2. must submit to the Direct Contractor applications for payment in such reasonable time as to enable the Direct Contractor to apply for payment as specified in the Direct Contract.

35.3.3. must make any claims for extras, for extensions of time to the Direct Contractor in the manner provided in the General Conditions for like claims by the Direct Contractor upon the Project Manager, except that the

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

35.4. The Direct Contractor:

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

36. SEPARATE CONTRACTS

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

37. MUTUAL RESPONSIBILITY OF CONTRACTORS; COOPERATION

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

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

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

38. AMENDMENTS

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

39. CHANGES IN THE WORK

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

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

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

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

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

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

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

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

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

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

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

40. PAYMENT APPLICATIONS

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

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

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

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

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

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

41. CERTIFICATES FOR PAYMENTS

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

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

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

42. PAYMENTS WITHHELD

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

42.1.1. Defective Work not remedied.

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

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

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

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

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

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

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

42.1.9. Liquidated damages.

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

43. LIENS

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

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

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

44. DEDUCTIONS FOR UNCORRECTED WORK

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

45. ACCEPTANCE OF THE WORK

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

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

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

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

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

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

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

46. INSPECTION OF WORK

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

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

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

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

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

47. USE OF COMPLETED PORTIONS OF THE WORK

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

- 47.3. During the partial occupancy before Final Acceptance, arrangements must be made between the Board and Direct Contractor regarding the operation and cost of the necessary heating, ventilating, cooling, water, lighting and telephone services. The Board will assume responsibility for the operation of the equipment and utilities required to provide the above services, in part or in total, and Direct Contractor must make arrangements acceptable to the Board as to the warranties affecting all Work associated with the areas so occupied.
- 47.4. The Board's occupancy or use of the space or spaces in the Project does not constitute the Project Manager's or the Board's acceptance of any Work, materials or equipment that are not in accordance with the requirements of the Direct Contract, nor relieve the Direct Contractor from its obligations or responsibilities under the Direct Contract.
- 47.5. In any case, when the Board takes over space for occupancy or use, the Board must give the Direct Contractor notice in writing of taking over the space or spaces involved.

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

- 48.1. The Direct Contractor must initiate, maintain, supervise, and enforce safety precautions and programs in connection with the Work. Before beginning Work on the Site the Direct Contractor must furnish a copy of its Safety Program for the project to the Project Manager for review.
- 48.2. The Direct Contractor, both directly and indirectly through its Subcontractors, must continuously protect the Work and the Board's property from damage, injury or loss arising in connection with operations under the Direct Contract. The Direct Contractor must make good any such damage, injury or loss, except that which may be directly due to causes beyond the Direct Contractor's control, fault or negligence and that would not reasonably be expected to occur in connection with or during performance of the Work. Direct Contractor is responsible for Site security, watchmen, etc. Dogs are not allowed.
- 48.3. The Direct Contractor, both directly and indirectly through its Subcontractors, must take all necessary precautions to ensure the safety of the public and workers on the Site, and to prevent accidents or injury to any persons on, about, or adjacent to the Site where the Work is being performed.
- 48.4. The Direct Contractor must comply with all laws, ordinances, codes, rules and regulations relative to safety and the prevention of accidents, the Manual of Accident Prevention in Construction of the Associated Project Managers of America and the applicable provisions of the American Standard Safety Code for Building Construction, unless prevention of accidents is regulated by a more stringent local code or ordinance.
- 48.5. The Direct Contractor must erect and properly maintain at all times, as required by laws and regulations and the conditions and progress of the Work, proper safeguards for the protection of workers and the public and post signs warning against the dangers created by openings, stairways, falling materials, open excavations and all other hazardous conditions.
- 48.6. The Direct Contractor must designate a responsible on Site member of its organization as a safety coordinator whose duties must include prevention of all

accidents.

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

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

49. ENVIRONMENTAL COMPONENTS OF THE WORK, SAFETY.

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

49.2. Hazardous Materials:

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

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

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

50. TRASH AND DEBRIS

50.1. Direct Contractor must conduct and complete the Work in a neat, clean, and workmanlike manner. Direct Contractor must at its own expense furnish dumpsters for regular and frequent collection of construction debris, trash, and other refuse that accumulates at the Site and cause its frequent removal and lawful disposal. Direct Contractor must police the work site and adjacent areas regularly and frequently, removing and disposing of construction debris, trash, and refuse promptly. Where the Site is unoccupied throughout the entire construction period, at the completion of the Work Direct Contractor must cause the Site to be cleaned of all construction debris, trash, and refuse and left in broom-clean condition, all equipment and furnishings to be left clean and free of construction-related dirt, grime, splatters, and dust and the whole left in ready-to-use condition for the Users.

50.2. Where the Site is occupied, or partially occupied, during any part of Direct Contractor's Work, or where a portion of the Work, on completion, is given over to the Users, Direct Contractor must at its own expense at least daily, but as often as necessary to avoid creating hazards to Users or attracting vermin, remove and lawfully dispose of its debris, trash, and other refuse, sweep all User-occupied areas free of construction materials and dirt or dust, and wipe down all equipment and furnishings in the area where the Work is or was taking place so that they are left in a neat, clean and workmanlike condition for the Users. At the completion of the Work, Direct Contractor must again leave the Site in a neat, clean and workmanlike condition.

51. BOND REQUIREMENTS

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

before the commencement of the Work.

52. CORRECTION OF WORK BEFORE FINAL PAYMENT

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

53. CORRECTION OF WORK AFTER FINAL PAYMENT

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

54. COMPLIANCE WITH LAWS, REGULATIONS, BOARD POLICIES

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

54.2. **Non Discrimination.**

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

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

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

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

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

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

55. **LIQUIDATED DAMAGES; OFFSETS**

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

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

56. **ASSIGNMENT**

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

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

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

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

58. DEFAULT AND TERMINATION

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

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

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

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

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

supplies;

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

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

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

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

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

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

Chicago Public Schools Policy Manual

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

Section: 503.1

Board Report: 99-0728-PO1

Date Adopted: July 28, 1999

Policy:
CODE OF ETHICS OF THE CHICAGO BOARD OF EDUCATION

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

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

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

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

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

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

1. Authority and purpose.

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

2. Construction of Board Policy.

Whenever used in this statement this Board Policy:

(a) "Board" means the Board of Education of the City of Chicago and includes all schools operated by the Board of Education.

(b) "Board vendor" means any person (including his agents or employees acting within the scope of their employment) who is paid consideration for a contract, work, business or sale with funds belonging to or administered by the Board.

(c) "Business relationship" means any contractual or other private business dealing of an employee with a person or entity which entitles the employee to compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, business relationship shall not include (a) any interest of the spouse of an official or employee which interest is related to the spouse's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or inheritance of less than one percent of the shares of a corporation, or any corporate subsidiary, parent or affiliate

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

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

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

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

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

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

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

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

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

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

(l) Use of the masculine includes the feminine.

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

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

- (1) is the proprietor of a sole proprietorship;
- (2) owns a five percent or greater interest of any class of stock of a corporation by vote or value;
- (3) owns a five percent or greater interest in the profits or capital of a partnership;
- (4) owns a five percent or greater beneficial interest in a trust; or
- (5) is an officer or director of a corporation, the general or managing partner of a partnership, or the trustee of a trust.

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

- (1) is the proprietor of a sole proprietorship;
- (2) owns a five percent or greater interest of any class of stock of a corporation by vote or

value;

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

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

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

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

3. Fiduciary duty.

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

4. Use of Board property and funds.

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

5. Nepotism prohibited.

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

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

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

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

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

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

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

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

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

6. Economic interest in contracts and Board work prohibited for all Board officials and employees.

(a) No official of the Board or employee shall have a direct economic interest in his own name or in the name of any other person in any contract, work or business of the Board, or in the sale of any article, whenever the expense, price or consideration of the contract, work, business or sale is either (i) paid with funds belonging to or administered by the Board or (ii) authorized by action of the Board.

(b) A Board member who has an indirect economic interest in the name of any person, trustee, or corporation in any contract, work, business or sale on which the Board shall be called upon to vote shall: (i) disclose such economic interest publicly at a Board Meeting prior to any vote being taken on the matter and (ii) abstain from voting on the matter.

(c) Unless sold pursuant to a process of competitive bidding following public notice, no official or employee shall have direct economic interest in the purchase of any property that: (i) belongs to the Board, or (ii) is sold by virtue of legal process in a suit involving the Board.

(d) This Section 6 shall not apply to Local School Council members.

(e) The Chief Executive Officer may grant waivers of compliance with paragraph (a) of this Section 6. A waiver may be granted only on the Chief Executive Officer's determination that the waiver will serve the best interests of the Board and the children in the Chicago Public Schools. In considering whether to grant a waiver, the Chief Executive Officer shall consider the following: the nature of the contract, work, business, or sale involved; the unique qualifications of the prospective Board vendor; and the nature of or extent to which the official or employee with an economic interest will exercise contract management authority over the prospective Board vendor. The Chief Executive Officer may also consider

any other unique circumstances which are consistent with the best interests of the Board and the children in the Chicago Public Schools in determining whether to grant a waiver. A waiver granted under this paragraph shall be in writing, shall contain the reasons for the waiver and shall be filed with the Board prior to the transaction requiring the waiver. The portion of this paragraph allowing waivers shall be narrowly construed, in strict accordance with the standards articulated in this paragraph.

7. Economic interest in contracts and School work.

(a) No Local School Council member shall have a direct or indirect economic interest, in his own name or in the name of any other person, proprietorship, partnership, trust or corporation in any contract, work or business of the school in which he serves. In addition, no Local School Council member shall have a direct or indirect economic interest in the sale, purchase or lease of any article, for which the expense, price or consideration is paid by his Local School Council or by the school in which he serves, if the member may be called upon to vote on entering into such sale, purchase or lease.

(b) No Parent or Community Local School Council member shall receive any form or remuneration or parent stipend from his school, except that the Board of Education may provide for reimbursement of members of Local School Councils for reasonable and necessary expenses (excluding lodging or meal expenses) incurred in the performance of their duties.

(c) A teacher representative on a Local School Council who intends to apply for the principalship of the school in which he or she serves as a council member shall abstain from voting on the question of whether the current principal's contract shall be renewed. If a teacher representative on a Local School Council votes on the question of whether the present principal's contract shall be renewed and if the Local School Council votes not to renew the contract of the present principal, the voting teacher representative shall be ineligible to apply for that vacancy. The teacher representative must resign from his Local School Council prior to the start of the selection process for the principalship. Any teacher representative who does not resign from his Local School Council prior to the start of the principal selection process shall be ineligible to apply for the position of principal at that school.

8. Employee exercising contract management authority.

An employee who exercises contract management authority regarding any Board business or transaction shall not exercise such authority in connection with:

- (1) Board business with an entity in which the employee has financial interest;
- (2) Board business with a person with whom the employee has an employment relationship;
- (3) Board business with a person with whom the employee has a business relationship; and
- (4) Any contact in which the employee's spouse has a financial interest.

9. Conflict of interest - improper influence.

(a) No official or employee shall make, participate in making, or in any way attempt to use his position to influence any Board decision or action in which he knows or has reason to know that he has any direct or indirect economic interest distinguishable from that of the general public.

(b) No Board employee shall recommend or retain or hire as a Board employee or Board vendor any person with whom the employee has a business relationship.

10. Offering, receiving and soliciting gifts, loans or favors.

(a) No person shall give to any official or employee, or to his spouse or other member of his household, and none of them shall solicit or accept, any anonymous gift.

(b) No person shall give or offer to any official, employee or Board contractor, or to his spouse or other member of his household, and none of them shall accept, anything of value, including, but not limited to, a gift, favor, loan or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgements of any official, employee or Board contractor concerning the business of the Board would be influenced thereby. It shall be presumed that a non-

monetary gift having a value of less than \$50.00 does not involved such an understanding.

(c) No person who has a direct or indirect economic interest in a specific Board business, service or regulatory transaction shall give, directly or indirectly, to any official or employee whose decision or action may be substantially affect such transaction, or to his spouse or other member of his household, and none of them shall accept, any gift or loan of (i) cash or its equivalent regardless of value or (ii) an item or service other than an occasional one of nominal value (less than \$50.00); provided, however, that nothing herein shall be construed to prohibit such official or employee, or his spouse or other member of his household, from accepting gifts from relatives.

(d) Except as prohibited in subsections (a) and (b), nothing in this Section 10 shall prohibit any person from giving or receiving: (i) an award publicly presented in recognition of public service; (ii) commercially reasonable loans made in the ordinary course of the lender's business; (iii) political contributions, provided they are reported to the extent required by law; (iv) reasonable hosting, including travel and expenses, entertainment, meals or refreshments furnished in connection with public events, appearances, or ceremonies related to official Board business, if furnished by the sponsor of such public event.

(e) Any gift given in violation of the provisions of this Section shall be turned over to the Chief Fiscal Officer, who shall add the gift to the inventory of Board property.

(f) Nothing in this Section 10 shall prohibit any official or employee, or his spouse or other member of his household, from accepting a gift on the Board's behalf; provided, however, that the person accepting the gift shall promptly report receipt of the gift to the Board and to the Chief Fiscal Officer, who shall add it to the inventory of Board property.

(g) Any official or employee who receives any gift or money for participating in the course of his public employment in speaking engagements, lectures, debates or organized discussion forums shall report the payment to the Board within five business days.

(h) The Chief Purchasing Officer shall appoint a standing committee that will receive and investigate violations of the Board's policy concerning the offering, receipt, and solicitation of gifts, loans or favors, and to conduct hearings regarding such violations. The committee will also be empowered to subpoena witnesses and documents, to issue recommendations for Board action, and to impose fines for violations of the Board's policy. The committee shall promulgate procedures and rules governing the performance of its duties and the exercise of its powers. The committee shall meet as often as necessary to perform its duties.

11. Solicitation or receipt of money for advice or assistance.

No official or employee, or his spouse or other member of his household, shall solicit or accept any money or other thing of value including, but not limited to, gifts, favors, services or promises of future employment, in return for advice or assistance on matters concerning the operation of business of the Board; provided, however, that nothing in this Section 11 shall prevent an official or employee or the spouse of an official or employee from accepting compensation for services wholly unrelated to the official's or employee's official duties and responsibilities and rendered as part of his non-Board employment, occupation or profession.

12. Secondary employment

(a) No employee may engage in any secondary employment that is in conflict with the duties or demands of his Board employment. Before obtaining or accepting any secondary employment that is not prohibited by the first sentence of this Section 12 (b), an employee must notify the Ethics Officer of the following: the name and address of the secondary employer; the location of the proposed secondary employment, if different from the secondary employer's address; the nature and duties of the secondary employment; and the anticipated hours of the secondary employment. If the employee derives income from his own business or provides personal or professional services to third parties, such information, including the nature of the business or services and the approximate number of hours per month or year, as appropriate, spent on such business or service must be reported to the Ethics Officer.

(b) No non-clerical employee of the office of the Chicago Board of Education or the office of the Board's Chief Executive Officer, nor any entity in which such persons have a financial interest, shall have any employment relationship with any entity other than the Board. Additionally, the following employees are precluded from all secondary employment except with the written approval of the Chief Executive Officer: all chiefs, department directors, and deputy directors; employees of the Department of Procurement and Contracts; and employees of the Office of the Inspector General and all other investigative employees. Attorneys in the Law Department are precluded from all secondary employment except with the written approval of the Board General Counsel. Attorneys in the Law Department expressly are prohibited from performing legal work for or undertaking legal representation of any entity other than the Board of Education.

13. Use or disclosure of confidential information.

No current or former official or employee shall use or disclose, other than in the performance of his official duties and responsibilities, or as may be required by law, confidential information gained in the course of or by reason of his position or employment. For purposes of this Section, "confidential information" means any information that may not be obtained pursuant to the Illinois Freedom of Information Act, as amended. Nothing in this Section shall limit the rights afforded to "whistle blowers" pursuant to 105 ILCS 5/34-2.4 (c) (1995).

14. Representation of other persons.

(a) No official or employee may represent, or have a direct or indirect economic interest in the representation of, any person other than the Board in any formal or informal proceeding or transaction before the Board or any of its committees. Nothing in this Section shall preclude any employee from performing the duties of his employment, or preclude any official from appearing without compensation before the Board or any Board committee in the course of his duties as an official.

(b) No official or employee may have a direct or indirect economic interest in the representation of any person in any judicial or quasi-judicial proceeding before any administrative agency or court in which the Board or a Local school Council is a part and that person's interest is adverse to that of the Board or the Local School Council.

15. Contract inducements.

No payment, gratuity or offer of employment shall be made in connection with any Board or Local School Council contract by or on behalf of a subcontractor to the prime contractor or higher-tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order. This prohibition shall be set forth in every Board contract and solicitation therefore.

16. Post-employment and post-membership restrictions.

(a) No former official or employee shall assist or represent any person other than the Board in any judicial or administrative proceeding involving the Board, if the official or employee was counsel of record or participated personally and substantially in the proceeding during his term of office or employment.

(b) No former official or employee shall, for a period of one year after the termination of the official's or employee's term of office or employment, assist or represent any person in any business transaction involving the Board, if the official or employee participated personally and substantially in the subject matter of the transaction during his term of office or employment; provided, that if the official or employee exercised contract management authority with respect to a contract, this prohibition shall be permanent as to that contract.

(c) No former Board Member shall be eligible for employment by the Board in any capacity for a period of one year after the termination of his membership on the Board.

(d) No Local School Council member shall be eligible for any type of employment at the school at which he served as a member of the school's Local School Council, for a period of one year after the termination of his membership on said Local School Council. This paragraph (d) shall not apply to principal or teacher Local School Council members.

(e) No former Board Member shall have any direct or indirect economic interest in any Board contract for a period of one year after the termination of his membership on the Board.

(f) No Local School Council member shall have any direct or indirect economic interest in a contract involving the school at which he served as a Local School Council member for a period of one year after the termination of his membership on said Local School Council.

(g) The Chief Executive Officer may grant waivers of compliance with paragraph (b) of this Section 16. A waiver may be granted only on the Chief Executive Officer's determination that the waiver will not harm the Board or the children of the Chicago Public Schools. In considering whether to grant a waiver, the Chief Executive Officer shall consider the following: whether the individual seeking the waiver has left the employ of the Board voluntarily or involuntarily, including pursuant to a reduction in force; and whether there is any appearance of impropriety regarding the new employment that is the subject of the waiver. The Chief Executive Officer may also consider any other circumstances which are consistent with the best interests of the Board and the children in the Chicago Public Schools in determining whether to grant a waiver. A Waiver granted under this paragraph shall be in writing, shall contain the reasons for the waiver and shall be filed with the Board prior to the action requiring the waiver. The portion of this paragraph allowing waivers shall be narrowly construed, in order to minimize the occurrence of waivers.

17. Disclosures

(a) An employee must file with the Board's Chief Purchasing Office, on a form to be provided by the Office of the Chief Purchasing Officer, any ownership interest that his or her spouse has in an entity that does business with the Board.

(b) All contracts and leases to which the Board is a part shall be accompanied by a disclosure of the name and address of:

(1) each attorney who was retained by the Board vendor in connection with the contract or lease;

(2) each lobbyist who was retained by the Board vendor in connection with the contract or lease;

(3) each consultant who was retained by the Board vendor in connection with the contract or lease; and

(4) any other person who will be paid any fee for communicating with Board employees or officials when such communications are intended to influence the issuance of the contract or lease.

(c) The above-listed disclosures, as well as any other disclosures that must be submitted to the Board by persons entering into contracts or leases with the Board, are to be kept in a form which allows their inspection by the public or any other entity.

(d) In order to assist candidates for public office in monitoring compliance with Chicago's ordinance which sets an upper limit of \$1,500.00 on campaign contributions by an entity that does business with the Board or has done business with the Board during the past four years, the office of the Board's Chief Purchasing Officer shall submit to the City of Chicago a list of all entities that have done business with the Board during the past four years. A revised list including this information shall be submitted to the City each month.

18. Filing of Statements of Economic Interests.

All employees and Board officials must file annual Statements of Economic Interests as required by Board Rule and Policies.

19. Penalty for violations.

(a) Any employee who violates this Board Policy shall be subject to discipline, including suspension or dismissal.

(b) Any official who violates this Board Policy may be subject to disqualification from office.

20. Effective date.

This Board Policy shall be in effect beginning September 28, 1995, except where the above-enumerated conduct was previously prohibited by law or current or previous Board

policy. Amendments to this policy take effect upon Board approval.

21. This Code of Ethics of the Chicago Board of Education supersedes Resolution 90-0117-RS2 to Prohibit Conflicts of Interests, enacted on January 17, 1990.

Amends/Rescinds: Amends 95-0927-RU3; 96-0327-PO7; 97-1119-PO1; 98-0923-PO4, 99-0421-PO2

Cross References:

Legal References:

EXHIBIT E

[OMITTED]

EXHIBIT F

CERTIFICATE OF EXPENDITURE

State of Illinois)
) SS
County of Cook)

The affiant, _____, _____ of the Board of Education of the City of Chicago, a body corporate and politic (the "Board"), hereby certifies that with respect to that certain Agreement between the Board and the City of Chicago dated as of March 1, 2003 (the "Agreement"):

A. The following is a true and complete statement of all expenditures for the Project to date:

TOTAL: \$ _____

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

\$ _____

C. The Board requests reimbursement for the following cost of TIF-Funded Improvements:

\$ _____

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

E. The Board hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Agreement are true and correct and the Board is in compliance with all applicable covenants contained therein.

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

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

F. Attached hereto are: (1) a cost itemization of the applicable portions of the budget attached as Exhibit G to the Agreement; and (2) evidence of the expenditures upon TIF-Funded Improvements for which the Board hereby seeks reimbursement

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

**THE BOARD OF EDUCATION
OF THE CITY OF CHICAGO**, a body corporate and politic

By: _____
Name: _____
Title: _____

Subscribed and sworn before me this ___ day of _____, _____.

My commission expires: _____

Agreed and accepted:

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

EXHIBIT G

PROJECT BUDGET

Land Acquisition

Hard Costs	\$1,764,200
Relocation Costs	\$0
Soft Costs	\$0
<i>Subtotal</i>	<i>\$1,764,200</i>

Site Preparation

Demolition*	\$1,243,119
<i>Subtotal</i>	<i>\$1,243,119</i>

General Construction

Construction	\$37,515,173
Contingency	\$1,137,500
<i>Subtotal</i>	<i>\$38,652,673</i>

FF&E/Art

Hard Costs	\$963,500
Soft Costs	\$38,540
<i>Subtotal</i>	<i>\$1,002,040</i>

Professional Fees

Fees**	\$2,139,139
PBC Administration	\$1,038,877
Contingency	\$0
<i>Subtotal</i>	<i>\$3,178,016</i>

TOTALS	\$45,840,048
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* Includes environmental remediation

** Includes architectural, environmental, construction management, geotechnical and site surveys

EXHIBIT H

PROJECT TIF-FUNDED IMPROVEMENTS

Land Acquisition*

Hard Costs	\$1,764,200
Relocation Costs	\$0
Soft Costs	\$0
<i>Subtotal</i>	<i>\$1,764,200</i>

Site Preparation

Demolition*	\$1,243,119
<i>Subtotal</i>	<i>\$1,243,119</i>

General Construction

Construction	\$37,515,173
Contingency	\$1,137,50
<i>Subtotal</i>	<i>\$38,652,673</i>

FF&E/Art

Hard Costs**	\$100,000
Soft Costs	\$4000
<i>Subtotal</i>	<i>\$104,000</i>

Professional Fees

Fees***	\$2,139,139
PBC Administration	\$0
Contingency	\$0
<i>Subtotal</i>	<i>\$2,139,139</i>

TOTALS	\$43,903,131
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* Includes environmental remediation

** Includes only fixtures

*** Includes architectural, environmental, construction management, geotechnical, and site surveys